

Government that Works!

NEW JERSEY DEPARTMENT OF THE TREASURY

LOCAL GOVERNMENT BUDGET REVIEW

CITY OF OCEAN CITY

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GOVERNMENT THAT WORKS

OPPORTUNITIES FOR CHANGE

The Report of the City of Ocean City

New Jerseyans deserve the best government their tax dollars can provide. Governor Whitman is committed to making state government leaner, smarter and more responsive by bringing a common sense approach to the way government does business. It means taxpayers should get a dollar's worth of service for every dollar they send to government, whether it goes to Trenton, their local town hall or school board. Government on all levels must stop thinking that money is the solution to their problems and start examining how they spend the money they now have. It is time for government to do something different.

Of major concern is the rising cost of local government. There is no doubt that local government costs and the property taxes that pay for them have been rising steadily over the past decade. Prior to Governor Whitman's taking office in 1994, the state had never worked as closely with towns to examine what is behind those costs. That is why she created the Local Government Budget Review (LGBR) program. Its mission is simple: to help local governments and school boards find savings and efficiencies without compromising the delivery of services to the public.

The LGBR program utilizes an innovative approach combining the expertise of professionals, primarily from the Departments of Treasury, Community Affairs and Education, with team leaders who are experienced local government managers. In effect, it gives local governments a comprehensive management review and consulting service by the state at no cost to them. To find those "cost drivers" in local government, teams review all aspects of local government operation, looking for ways to improve efficiency and reduce costs.

In addition, teams also document those state regulations and mandates which place burdens on local governments without value-added benefits and suggest, on behalf of local officials, which ones should be modified or eliminated. Teams also look for "best practices" and innovative ideas that deserve recognition and that other communities may want to emulate.

Based upon the dramatic success of the program and the number of requests for review services, in July, 1997, Governor Whitman ordered the expansion of the program, tripling its number of teams in an effort to reach more communities and school districts. The ultimate goal is to provide assistance to local government that results in meaningful property tax relief to the citizens of New Jersey.

THE REVIEW PROCESS

In order for a town, county or school district to participate in the Local Government Budget Review program, a majority of the elected officials must request the help of the review team through a resolution. There is a practical reason for this: to participate, the governing body must agree to make all personnel and records available to the review team, and agree to an open public presentation and discussion of the review team's findings and recommendations.

As part of each review, team members interview each elected official, as well as, employees, appointees, members of the public, contractors and any other appropriate individuals. The review teams examine current collective bargaining agreements, audit reports, public offering statements, annual financial statements, the municipal code and independent reports and recommendations previously developed for the governmental entities, and other relative information. The review team physically visits and observes the work procedures and operations throughout the governmental entity to observe employees in the performance of their duties.

In general, the review team received full cooperation and assistance of all employees and elected officials. That cooperation and assistance was testament to the willingness, on the part of most, to embrace recommendations for change. Those officials and employees who remain skeptical of the need for change or improvement will present a significant challenge for those committed to embracing the recommendations outlined in this report.

Where possible, the potential financial impact of an issue or recommendation is provided in this report. The recommendations do not all have a direct or immediate impact on the budget or the tax rate. In particular, the productivity enhancement values identified in this report do not necessarily reflect actual cash dollars to the municipality, but do represent the cost of the entity's current operations and an opportunity to define the value of improving upon such operations. The estimates have been developed in an effort to provide the entity an indication of the potential magnitude of each issue and the savings, productivity enhancement, or cost to the community. We recognize that all of these recommendations cannot be accomplished immediately and that some of the savings will occur only in the first year. Many of these suggestions will require negotiations through the collective bargaining process. We believe, however, that these estimates are conservative and achievable.

**LOCAL GOVERNMENT BUDGET REVIEW
EXECUTIVE SUMMARY
CITY OF OCEAN CITY**

Governing Body

The team recommends that the mayor and council members relinquish their health benefits, saving \$45,920.

Municipal Clerk

The city should consider adjusting the deputy clerk's work schedule, reducing overtime by 50%, which could save the city \$1,835.

The team recommends that the city consider computerizing all their licenses at a one-time expense of \$2,200 for software purchases. The team also recommends the city consider enhanced signage and/or the purchase of mini blinds for the general information window at a one-time expense of \$100.

Health Benefits

The team recommends that the city negotiate to eliminate the excessive provision found within their bargaining unit contracts, potentially saving \$50,000.

The city should enforce the requirement of a 20-hour workweek for employees who receive benefits. If the city were able to eliminate this benefit for five crossing guards, it would potentially save \$40,050.

By switching to the State Health Benefits Plan (SHBP), the city could potentially save \$341,000.

By implementing the recommended prescription plan design changes, the city could potentially save \$35,900. The city could potentially save an additional \$77,300 by negotiating a 50% premium co-pay with its employees for their dental plan.

Insurance

By renegotiating to adopt the state's workers' compensation payment statute, the city could potentially save \$25,730.

Information Systems/Office Automation

By utilizing the state's "cost-per-copy" contract, the city could save \$7,087. The city could save an additional \$2,767 in paper purchasing by switching to duplex and digital copiers.

Legal

By hiring a full-time attorney, the city could save \$22,148.

Housing Division Proposed

By eliminating the mercantile registration and establishing a fee of \$60 per inspection, the city could yield a net revenue enhancement of \$379,000.

Finance

The team recommends the city periodically verify pay records to insure the true number of hours that an employee works, saving \$15,723.

By closing the post office on 46th Street and transferring the service to the United States Postal Service, the city could save \$25,800.

Purchasing

By increasing productivity in the purchasing division by 10%, the city could save \$19,600.

Police Division

By implementing the proposed table of organization, the city could save \$660,465. The team also recommends that the city hire 10 additional special law enforcement personnel for seasonal population at an expense of \$48,176.

The team recommends that all police personnel work a 2,080-hour annual schedule and include the mandatory “Duty Day Program,” potentially saving \$57,570 with a potential productivity enhancement of \$57,570.

By reducing the number of false alarms by 20%, the city could yield a productivity enhancement of \$16,200. The team also recommends the city establish an annual fee of \$15 to connect and register each alarm for a revenue enhancement of \$25,000.

By renegotiating for a smaller clothing allowance for sworn police officers and public safety dispatchers, the city could potentially save \$43,800.

The team recommends that the city increase the price on 5- and 10-cent parking meters to 25 cents for a revenue enhancement of \$121,236. Also, by extending the use of parking meters for an extra month on each end of the existing ordinance, the city could yield an additional revenue enhancement of \$61,000.

The team recommends that the city install digital video-recording equipment in the three traffic safety units at a one-time expense of \$12,000.

Animal Control

By using more aggressive private fundraising efforts on the part of the Humane Society, the city could \$23,000 in savings.

Fire Service

The team recommends the city reduce the deputy chiefs from a regular staff of four to one, saving \$10,875.

By reorganizing the department through demotions of the existing fire captains to the position of fire lieutenant and firefighter could save the city \$144,360.

The team recommends the city close the 46th Street fire station for the bulk of the year, saving \$22,000. The team also recommends adding space to the existing 29th Street facility plus living quarters and move one or two pumpers to this location from the 46th Street station at a one-time expense of \$350,000.

By purchasing uniforms directly for the fire division staff, the city could save \$5,220.

The city could reduce overtime by 50% through the outsourcing of EMS, which would return those firefighters previously assigned to EMS to full firefighter status, saving \$230,500.

Emergency Medical Services

By outsourcing the EMS services, the city could save approximately \$272,977 with a one-time revenue enhancement of \$900,000 from the sale of equipment and brokering the 15th Street structure.

Department of Public Safety

By reevaluating the role of director of public safety, the city could save \$90,943 for the cost of one position.

Department of Public Works

The team recommends that the city purchase a more efficient work order system at a one-time expense of \$10,000.

By realigning the project management staff as recommended, the city could save \$270,793. Because of the realignment of staff, the team also recommends that the property currently housing the project management staff be sold for a one-time revenue enhancement of \$125,000.

Fleet Maintenance

The team recommends that the department of public works manage the fleet maintenance function for a cost savings and productivity enhancement of \$7,000, with a one-time \$500 revenue enhancement from the sale of one of the vehicles.

By eliminating one mechanic and one senior mechanic, the city could save \$116,370.

The city should consider reviewing and clarifying the current preventative maintenance program. The team identified \$39,468 in potential savings just from the purchase of patrol vehicles.

The city should consider purchasing and utilizing a work order system that is accessible at the service garage at a one-time expense of \$10,000.

Economic Development

The city should consider eliminating the urban initiative coordinator position, saving \$41,746.

Engineer

By discontinuing the practice of outsourcing engineering and utilizing existing licensed staff, the city could save \$75,000.

Emergency Management

The team recommends the city discontinue paying stipends and have the Fire Department Command Personnel assume emergency management responsibilities for a cost savings of \$16,000.

Municipal Welfare

The city should consider dissolving the local assistance board and transferring all operations to the County Board of Social Services, saving \$58,791.

Recreation Operations

The team recommends that the responsibilities and staff of the recreation operations division be dispersed to other city entities that are charged with providing similar service. By careful scheduling and reallocation of staff, the city could realize a revenue enhancement of \$228,610.

Ocean City Aquatic & Fitness

By establishing a more detailed financial reporting system, the city could yield a revenue enhancement of \$67,528.

Collective Bargaining Issues*FMBA Local 27*

By negotiating to convert sick and vacation time to hours reflecting 120 hours of sick and no more than 160 hours of vacation, the city could yield a potential savings of \$204,608 annually.

By eliminating longevity or restricting longevity to employees already hired, the city could yield a potential saving of \$141,623.

The team recommends the city absorb bereavement leave in sick leave with potential savings of \$1,973.

Reducing stipends and treating them as bonuses could potentially save the city \$57,000.

Ocean City PBA Local 61

The city could yield a productivity enhancement of \$6,653 by reducing the maximum vacation time allotment to 25 days.

By reducing sick leave payments by \$7,500 per person, the city could potentially save \$495,000.

By discontinuing the maintenance aspect of the clothing allowance, the payment of longevity, and the practice of paying officers a stipend, the city could potentially save \$216,394.

CWA Local 1078

The team recommends the city end the practice of providing 6.25 sick days to crossing guards as a part-time benefit for a potential saving of \$478.

By discontinuing the clothing allowance paid to each public safety telecommunicator, the city could potentially save \$6,500.

The city should consider discontinuing longevity for a potential saving of \$190,988.

Ocean City Middle Managers Association

The team recommends that the city end longevity payments of \$21,000 and establish an evaluation system designed to improve performance and provide needed efficiencies, potentially saving \$21,000.

The team also recommends the city discontinue the practice of matching deferred compensation costs at the rate of \$500 for a potential saving of \$10,500.

Department Heads

By establishing individual policies regarding department heads as the governing body, the city could potentially save \$10,000.

FMBA Local 327

The team recommends the city take steps to reduce salaries to acceptable industry levels for a potential saving of \$120,000.

By discontinuing clothing allowances, longevity payments, and deferred compensation adjustments, the city could potentially save \$26,062.

<u>Areas Involving Monetary Recommendations</u>	<u>One-time Savings/ Expense</u>	<u>Annual Savings/ Expense</u>	<u>*Potential Savings</u>	<u>Totals</u>
Governing Body				
Waive health benefits for mayor and council members		\$45,920		\$45,920
Municipal Clerk				
Adjust deputy clerk's work schedule to reduce overtime		\$1,835		
Computerize all licenses	(\$2,200)			
Purchase of enhanced signage and/or mini blinds	(\$100)			(\$465)
Health Benefits				
Eliminate excessive provision found with their bargaining unit contracts			\$50,000	
Enforce requirement of a 20-hour workweek for employees			\$40,050	
Switch to State Health Benefits Plan (SHBP)			\$341,000	
Implement recommended prescription plan changes			\$35,900	
Renegotiate a 50% premium co-pay for dental plan			\$77,300	
Insurance				
Adopt the state's workers' compensation payment statute			\$25,730	
Information Systems/Office Automation				
Utilize the state's cost-per-copy contract		\$7,087		
Switch to duplex and digital copiers		\$2,767		\$9,854
Legal				
Savings in legal expenses from hiring a full-time attorney		\$22,148		\$22,148
Housing Division Proposed				

Eliminate mercantile registration and establish inspection fee	\$379,000		
			\$379,000
Finance			
Verify pay records	\$15,723		
Close post office on 46th Street	\$25,800		
			\$41,523
Purchasing			
Increase productivity by 10%	\$19,600		
			\$19,600
Police Division			
Implement proposed table of organization	\$660,465		
Hire 10 additional special law enforcement personnel	\$48,176		
Have all police personnel work 40 hours per week average		\$57,570	
Include a mandatory "Duty Day Program"		\$57,570	
Reduce number of false alarms by 20%	\$16,200		
Establish annual fee to connect and register each alarm	\$25,000		
Renegotiate for a smaller clothing allowance for sworn officers		\$43,800	
Increase price on parking meters	\$121,236		
Extend use of parking meters for an extra month	\$61,000		
Install digital video-recording equipment in three traffic safety units	(\$12,000)		
			\$920,077
Animal Control			
Use more aggressive private fundraising efforts	\$23,000		
			\$23,000
Fire Service			
Reduce deputy chiefs from four to one	\$10,875		
Reorganize the department through demotions	\$144,360		
Close the 46th Street station for bulk of the year	\$22,000		
Add space to 29th street facility	(\$350,000)		

Purchase uniforms directly for fire division staff		\$5,220	
Reduce overtime by 50% through outsourcing of EMS		\$230,500	
			\$62,955
Emergency Medical Services			
Outsource EMS services		\$272,977	
Revenue enhancement from sale of equipment	\$900,000		
			\$1,172,977
Department of Public Safety			
Reevaluate role of director of public safety		\$90,943	
			\$90,943
Department of Public Works			
Purchase a more efficient work order system	(\$10,000)		
Realign project management staff		\$270,793	
Sale of current housing for project management staff due to realignment	\$125,000		
			\$385,793
Fleet Maintenance			
Have DPW manage fleet maintenance		\$7,000	
Revenue enhancement from sale of one vehicle	\$500		
Eliminate one mechanic and one senior mechanic		\$116,370	
Review the current preventative maintenance program			\$39,468
Purchase a work order system	(\$10,000)		
			\$113,870
Economic Development			
Eliminate urban initiative coordinator position		\$41,746	
			\$41,746
Engineer			
Discontinue practice of outsourcing engineering and use existing staff		\$75,000	
			\$75,000
Emergency Management			

Discontinue paying stipends and have FDCP assume responsibilities	\$16,000		\$16,000
Municipal Welfare			
Dissolve local assistance board and transfer operations	\$58,791		\$58,791
Recreation Operations			
Disperse recreation operations division to other city entities	\$228,610		\$228,610
Ocean City Aquatic & Fitness			
Establish a more detailed financial reporting system	\$67,528		\$67,528
Collective Bargaining Issues			
<i>FMBA Local 27</i>			
Renegotiate to convert sick and vacation time		\$204,608	
Eliminate longevity or restrict to employees already hired		\$141,623	
Absorb bereavement in sick leave		\$1,973	
Reduce stipend and treat as bonuses		\$57,000	
<i>Ocean City PBA Local 61</i>			
Reduce maximum vacation time allotment to 25 days		\$6,653	
Reduce sick leave payments		\$495,000	
Discontinue maintenance aspect of clothing allowance		\$45,500	
Reduce or discontinue payment of longevity		\$167,294	
Discontinue practice of paying officers a stipend		\$3,600	
<i>CWA Local 1078</i>			
Discontinue practice of providing 6.25 sick days to crossing guards		\$478	
Discontinue clothing allowance paid to public safety telecommunicator		\$6,500	
Discontinue longevity or make contingent upon positive performance		\$190,988	

Ocean City Middle Managers Association

End longevity payments and establish an evaluation system	\$21,000
Discontinue practice of matching deferred compensation costs	\$10,500

Department Heads

Establish individual policies as the governing body	\$10,000
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FMBA Local 327

Reduce salaries to acceptable industry levels	\$120,000
Discontinue clothing allowances of \$800	\$3,000
Discontinue longevity payments	\$20,062
Cease deferred compensation adjustments	\$3,000

Total Recommended Savings	\$641,200	\$3,133,670	\$2,277,167	\$3,774,870
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*\$2,277,167 not included in savings of \$3,774,870.

Total Amount Raised for Municipal Tax	\$24,403,496
Savings as a % of Municipal Tax	15%

Total Budget	\$38,795,111
Savings as a % of Budget	10%

Total State Aid	\$4,013,615
Savings as a % of State Aid	94%

Potential for Savings

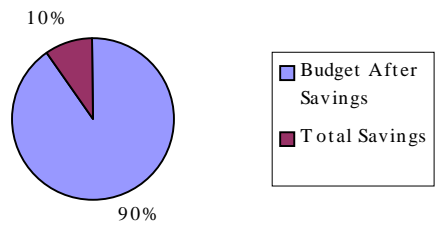
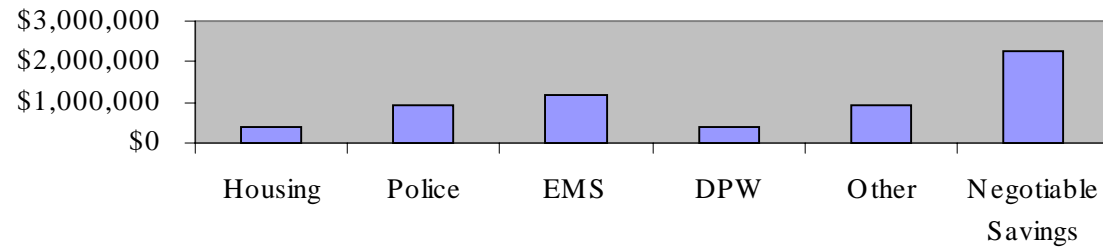


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COMMUNITY OVERVIEW

Ocean City is one of southern New Jersey's most attractive and inviting communities. The city bills itself as "America's Greatest Family Resort," and to the majority of the thousands of annual visitors that's exactly what Ocean City is. As one visitor stated "That's why we come here year after year." The fact that Ocean City is "dry" lends to this slogan and appeal in the eyes of many.

Being located within minutes of Atlantic City gives it easy access to the casino and entertainment industries. The Atlantic City Expressway and Garden State Parkway allow easy access to Ocean City. In addition to the city's own general aviation airport, Ocean City has relatively easy access to the Atlantic City International Airport.

Ocean City is an island community with two access roads that connect the city directly to the mainland. One accesses the island at 34th Street, which is nearly at mid-point. One bridge is present on this causeway and is the only fixed span bridge. The second connection to the mainland is at 9th Street and connects the island to Somers Point. This roadway has two drawbridges, one at the Ocean City end and the other at the Somers Point end. There are two additional connections to adjoining islands to the north and south. One drawbridge is present on each of these accesses.

The 1990 population estimate was 15,512, residing on the island's 6.92 square miles. The population breakdown was 93% white, 5% black, and 2% of other origin. Since Ocean City is a resort community, the aforementioned population estimates are somewhat misleading. For purposes of this report, the team utilized what was considered a more realistic year round population of 18,000 and estimates of summer population swelled the numbers in late July and early August to as many as 150,000 to 175,000.

The total number of housing units in 1990 totaled 18,880 with only 3,801 being owner-occupied. Residential units made up 89.2% of property with only 8% being commercial; .8% mixed use and 2% vacant. These statistics reflect the nearly fully developed aspect of Ocean City.

The city has made a genuine effort to preserve the natural environment with the establishment of a natural bird sanctuary comprising several city blocks in the center of the island near the municipal airport. This activity along with the establishment of a Historical Commission, a Historic District and a museum highlighting the city's heritage, demonstrates a commitment to what made Ocean City what it is today.

I. BEST PRACTICES

A very important part of the Local Government Budget Review report is the Best Practices section. During the course of every review, each review team identifies procedures, programs and practices, which are noteworthy and deserving of recognition. Best practices are presented to encourage replication in communities and schools throughout the state. By implementing these practices, municipalities and school districts can benefit from the Local Government Budget Review process and possibly save considerable expense on their own.

Just as we are not able to identify every area of potential cost savings, the review team cannot cite every cost-effective effort. The following are those best practices recognized for cost and/or service delivery effectiveness.

The Construction Official (CO) provided the team with five years of reports regarding all aspects of the New Jersey Uniform Construction Code (UCC) enforcement. Included in the reports was key information necessary to effectively access the UCC operation. The reports were prepared on a routine basis and submitted to the CO's superiors. The report also included a Department of Community Affairs (DCA) staffing analysis, which is performed for municipalities at their request. The team found the compilation of the data to be an effective management tool that provided a readily accessible summary of the operation.

Ocean City has one of the most complete and comprehensive purchasing manuals that the team has witnessed in any of its reviews. This manual clearly and concisely outlines the policies and procedures that are to be utilized and who is responsible for each step in the process. Other communities should review this manual and adopt the format.

II. OPPORTUNITIES FOR CHANGE/FINDINGS AND RECOMMENDATIONS

The purpose of this section of the review report is to identify opportunities for change and to make recommendations that will result in more efficient operations and financial savings to the municipality and its taxpayers.

In its study, the review team found the municipality makes a conscious effort to control costs and to explore areas of cost saving efficiencies in its operations. Some of these are identified in the Best Practices section of this report. Others will be noted as appropriate in the findings to follow. The municipality is to be commended for its efforts. The review team did find areas where additional savings could be generated and has made recommendations for change that will result in reduced costs or increased revenue.

Where possible, a dollar value has been assigned to each recommendation to provide a measure of importance or magnitude to illustrate cost savings. The time it will take to implement each recommendation will vary. It is not possible to expect the total projected savings to be achieved in a short period of time. Nevertheless, the total savings and revenue enhancements should be viewed as an attainable goal. The impact will be reflected in the immediate budget, future budgets, and the tax rate(s). Some recommendations may be subject to collective bargaining considerations and, therefore, may not be implemented until the next round of negotiations. The total savings will lead to a reduction in tax rates resulting from improvements in budgeting, cash management, and cost control and revenue enhancement.

GOVERNING BODY

The governing body is a seven-member council and a mayor operating under the mayor-council form of government. Four members of council are elected from each of the four wards, and three of the council members and the mayor are elected at large. Legislative authority is vested in council with administration responsibility vested with the mayor.

The position value for the mayor in 1998 was \$28,821 including family medical coverage of \$11,480. The mayor's base salary was \$15,900. Council members collectively represent a total position value of \$95,568, including health benefits for three members of council. Four members of council do not accept health benefits. The base salary of the president of council was \$8,459 and \$7,950 for all others.

Recommendation:

The team recommends that the mayor and three members of council that are accepting health benefits consider relinquishing this benefit.

Cost Savings: \$45,920

MUNICIPAL CLERK

Staffing/Organization

The office of the city clerk is located on the ground level at the main entrance in city hall. The municipal clerk, a deputy municipal clerk, a senior clerk typist, and a clerk typist staff the office. Total position value of the four full-time staff members during 1998 was \$239,347, which includes salary, health benefits, Medicare, Social Security, and pension contribution. The following table shows the salary, wages and other expenses appropriated to the city clerk's office for 1995, 1996, 1997, and 1998 as reflected in the city's budgets.

	1998	1997	1996	1995
Salary and Wages	\$182,898	\$178,899	\$172,905	\$161,172
Other Expenses	\$46,054	\$27,901	\$46,569	\$37,366
Budgeted Cost	\$228,952	\$206,800	\$219,474	\$198,538

The current clerk, who was appointed by the mayor and city council in 1989, is responsible for ensuring that all statutory and administrative functions associated with the clerk's office are performed satisfactorily. Included in those responsibilities are:

- Serving as the secretary to the council, recording meeting minutes, preparing agendas.
- Preparing and recording all ordinances and resolutions.
- Serving as custodian of all records not otherwise committed by ordinance to another department.
- Serving as the depository of all contracts, performance bonds and leases and archival records.
- Maintaining record copies of all administrative rules and regulations.
- Maintaining vital statistics, including marriage and death certificates.
- Issuing and maintaining records of certain licenses including dog, hunting, fishing, etc.
- Serving as chief administrative officer in all elections held in the municipality including school board elections.

The deputy municipal clerk performs many of the same functions as the clerk and can fill in for the clerk in her absence. She is also responsible for the record management within the clerk's office and serves as the alternate deputy registrar. As such, she is required to prepare the vital statistics report which municipalities are required to submit to the state monthly. She also assists at the counter when need demands.

In addition, she attends most council meetings along with the clerk and takes the minutes. She is paid overtime for attendance at the meetings. Last year the deputy clerk received \$3,669 for 108.5 hours of overtime related to the council meetings.

Recommendation:

The team recommends that the deputy clerk's work schedule be adjusted to reflect the need for her attendance at the council meetings. Staggering her work week so that she reports late to work on the days when there are council meetings would provide coverage for the meeting while reducing the cost of overtime. The team believes that the workflow would not be negatively affected because the office is run efficiently and there appears to be no backlog of work. Assuming a 50% reduction in overtime would save the city approximately \$1,835.

Cost Savings: \$1,835

The senior clerk typist and the clerk typist are both primarily responsible for assisting at the counter, answering telephone calls and all administrative support work for the clerk and city council members.

All employees in the clerk's office are cross-trained to perform any duty in the office. The entire staff is certified as alternate deputy registrars, which allows anyone to process a marriage license or death certificate. In addition to their normal job duties, they work as liaisons with the county board of elections, process various licenses and are responsible for all advertising required by the city.

It was apparent to the team on all visits to the office that there was a professional decorum. The city is commended for the organization of all records, minutes, ordinances and other documents located in the office. Most requested information was readily available in an organized manner. It was the team's observation that the organization resulted in high productivity for the staff since less time is spent locating documents. The staff is both courteous and knowledgeable and should be commended for their professionalism.

Elections

The clerk's office is responsible for all aspects of preparing for city elections, as well as school board elections, including preparing the ballots, securing signatures, and filing petitions within 54 days prior to the election.

There are 20 polling districts for the approximately 15,500 registered voters residing in the city. During 1998, there were four elections held (city, school, primary and general).

City staff, along with the republican and democratic committees, help find poll workers to run the polling machines. Each poll worker employed by the city is paid \$100 per day and the worker responsible for picking up and delivering all materials necessary to run the polls on Election Day is paid an additional \$25. The normal procedure is to have two representatives of each party volunteering at each polling place. The city used 80 paid poll workers in 1998. The cost for the four elections held in 1998, in addition to staff costs and machine rentals, was \$32,272, which includes volunteers, polling places and materials.

Although they are required to attend classes, there have been problems in the past with the use of volunteers running the polling sites. Other situations occur that are a result of problems with information provided by the County Board of Elections. These problems are being addressed within Ocean City and with the Board of Elections. Another area of concern for the clerk was

the use of old, outdated voting machines that cost the city a rental fee of \$100 per machine. The city requires the use of 20 machines for each election. In 1998, the city held four elections for a total cost of \$8,000 for the rental of the voting machines.

Document Maintenance

Codification was current up to April 15, 1999. According to clerk office staff, the city sends all ordinances to the vendor who stockpiles them and prints the attachments approximately five times a year. Clerk office staff was unable to provide the team with a copy of the contract with the vendor.

Recommendation:

Statute requires that the city clerk is the depository of all public documents. City staff should endeavor to ensure that all appropriate documents are provided to the clerk and maintained by that office, particularly when it is a contract, terms and conditions of which, the clerk's office is directly responsible for ensuring compliance.

Record retention within the city is the responsibility of the clerk's office. There are large quantities of forms, deeds, legal documents, claims, and other documents that are required to be retained for 20 or more years. Municipal resolutions, vital statistics and ordinances are required to be maintained in perpetuity.

Staff of the clerk's office expressed a concern that the record retention requirements currently required by the state place an excessive burden on municipalities. The City Clerk noted that she has discussed the difficulties municipalities face when forced to comply with the state requirements, with staff of the New Jersey Department of State, Division of Archives and Record Management, several times. She also expressed concerns about the use of optical disk record retention, including cost and authenticity of the document.

Recommendation:

The city should research the use of optical disk for their records retention and continue to pursue an adjustment to the retention schedule which would reduce the amount of documents and staff time used in keeping the documents filed properly.

The city could further explore the feasibility of combining resources regarding this issue with the board of education (BOE). It is logical to assume that were both bodies to combine this function through one combined mechanism, savings would result. While the team did not attempt to quantify this aspect, the city and BOE are urged to collaborate on this issue.

Fees and Licenses

In addition to the duties enumerated above, the clerk's office issues the following licenses and collects the requisite fees. The table below lists the total fees collected in 1998:

License	Total Collected
Dog/late fee	\$5,163.50
Fishing/Hunting	\$2,554.25
Crabbing/Clamming	\$572.00
Taxi/Taxi Driver	\$2,120.00
Miscellaneous	\$16,699.25
Vital Statistics	\$11,762.00
Total Fees and Licenses, Clerk's Office	\$38,871.00

The office keeps handwritten manuals of all transactions, including the issuing of receipts. The only license that is computerized is dog licensing. Although the staff is happy with the system and has been told that it would be compliant with Year 2000 program changes, they should consider eliminating handwritten ledger books and look into updating the existing on-line system.

Recommendation:

The clerk's office should consider computerizing all their licenses for more efficient record keeping. Since they have a system they are happy with, they should seek the advice from the company for additional programs that would enhance productivity and reduce the amount of time customers spend at the counter. Based on experiences of other municipalities, the team conservatively estimates a reasonable cost of software purchases to be approximately \$2,200.

One-time Value Added Expense: \$2,200

General Information Window

Directly across from the clerk's office is the general information window. Although the window is clearly marked, many people go into the clerk's office to ask for general information. This results in increased traffic for the clerk's office, especially during the summer months when the population increases. During the interviews and unscheduled visits to the office, it was observed that, although there were various signs posted on the windows and walls directing the traffic for the sale of beach badges, and other services, residents and visitors still stopped in the office to ask for directions. While the team appreciates the fact that the staff is concerned about productivity of the office, one must consider that their entire purpose is to provide service to visitors to city hall and the general public. However, in an effort to further direct visitors the city could consider enhanced signage and even mini blinds covering the windows to the office. These can be obtained for minimal cost.

Recommendation:

The city should consider enhanced signage and/or mini blinds in order to eliminate unnecessary interruptions.

One-time Value Added Expense: \$100

ADMINISTRATION

The city has a full-time business administrator who came to the city bringing with him a wealth of prior experience. The administrator receives an annual compensation of \$103,700 with a position value of \$124,589.

In the department of administration, the administrator is responsible for municipal court, purchasing, personnel and risk management, economic development and the municipal clerk.

Clerical support for both the mayor and the business administrator is conveniently located between the office of the mayor and the office of the administrator. Staff consists of two individuals with a total salary cost of \$79,107 and position value of \$115,205.

The specific divisions, which are considered a part of the department of administration, are discussed elsewhere in the report.

Personnel (Civil Service)

Ocean City, by its resort nature, has a large fluctuation not only in residents, but also in employment during the summer months. The city also has a relationship with the New Jersey Department of Personnel since it is a civil service community and must adhere to the requirements stipulated in N.J.S.A. 11A-1-1 et. seq. Since the personnel office indicates that over 386 individuals may be hired during the seasonal period, this process can cause some confusion in attempts to apply for positions, testing, length of jobs, and record keeping.

According to the personnel office, the city employs approximately 700 full and part-time employees on a yearly basis. However, Department of Personnel records reveal a rather substantial difference in that number. Merit system records reveal employee numbers of approximately 510 individuals or a 27% discrepancy rate. This figure could be reduced by seasonal fluctuations, but most likely indicates that the personnel office has not reported all employee transactions to the New Jersey Department of Personnel as required. It is important to have the city make positions available to its residents on a competitive basis, and therefore the city should take action to insure all positions are treated in a competitive atmosphere where they are required to do so.

New Jersey Department of Personnel records reveal the following breakdown of employees in Ocean City as of March, 1999 which is approximately the same time these records were reviewed with the personnel office:

444	Permanent Employees
35	Provisional Employees
28	Unclassified
507	Total Employees

Ocean City has selected a liaison to the Department of Personnel in the form of the personnel officer, although the mayor continues to be the "appointing authority."

At the present time, the city has 35 provisional employees. Some of these individuals most likely have been terminated, and merit system records need to reflect that action. However, there are a minimal number of employees who are still pending testing for over one year. These positions need to be filled permanently and the testing process expedited to achieve permanent standing for these three or four employees.

The title of public safety telecommunicator is listed as a provisional title pending testing for approximately eight individuals. This title could be changed to trainee to achieve permanency within 12 months.

A cursory title review compared to salaried or hourly positions reveals a number of discrepancies in duties as opposed to title. It would appear in some instances that titles had not been changed to reflect duties for extended

periods of time. Obviously this process defeats the merit concept and competition for the position. Ocean City needs to reflect appropriate titles for current functions and responsibilities.

An example indicative of this condition, which has existed for several years, one individual serving in the civil service job classification of manager of parks and grounds. This person is actually serving as the assistant business administrator, and before that he was the manager of public works, while still holding the aforementioned title.

Recommendations:

Address discrepancy in numbers of permanent employees versus the employees listed with the New Jersey Department of Personnel. A 27% discrepancy rate is excessive. If records need to be adjusted, this action needs to be expedited as well.

Review or request title classification of specific areas within city government where outdated classifications or unrelated titles continue to exist.

Ocean City Personnel

Ocean City has created a personnel office under the direction of a personnel officer. This office also includes an assistant personnel officer and a clerk typist. The personnel office is responsible for a variety of human resources needs. The personnel officer provides expertise in the field of health insurance to both the administration and the employees of the city. The office is also responsible for identifying vacancies and advertising for various positions throughout city government. Ocean City is not an average municipality servicing yearly residents of approximately 18,000. Rather the city has the unique function of attempting to serve approximately 150,000 residents for possibly four months. This extreme fluctuation in population requires Ocean City to expand its summertime workforce by 300 to 400 employees for its peak season. This causes the city to compete with private businesses seeking reliable summer help. Many of the seasonal employees the city hires work in the public safety department. As a result, the personnel office undergoes lengthy recruitment schedules to provide summer help to the beaches, lifeguards, police, public works, and in City Hall. While this continuing fluctuation in the size of the work force keeps this office busy, the team finds the staffing level adequate.

Attendance

At the time of the review, the team requested attendance records from the personnel office. Although this office was generally cooperative and provided records when requested, it became obvious that standardized attendance sheets were not being utilized. The personnel officer advised the team that he sought to have a version of an attendance report accepted by all departments but received limited acceptability. The team was able to obtain records from 1997 and 1998 only after numerous requests. It was also ascertained that the personnel office was not performing attendance reviews, since all attendance records were delivered to the Finance Office. It became evident that various department and division heads exercise independent judgement in establishing attendance standards in their departments. As an example, one division head indicated he does not permit compensatory time while another indicated that during busy times, it was his practice to be more lenient and grant time rather than grant dollars for overtime. A review of attendance records was undertaken in Ocean City in an attempt to ascertain an average of sick leave for the city or for some of the departments. During this review, the team determined that most civilian and police records were converted into both days and hours. Sick leave averages in the department of administration amounted to 8.12 days in 1997, which is an acceptable rate in most governmental entities. The department of financial management averaged 5.2 days during the same time frame. The fire department uniformed officers averaged 4.8 days of sick leave as calculated in actual days per the union contract. Converted to 8-hour shifts, the firemen averaged 14.6 days per year. This evaluation illustrates a need to adopt both an hourly conversion system as well as an "absenteeism" policy affixed to a general overall evaluation system.

Reports on absenteeism as reported by other departments were incomplete or only reflected balances for a particular year or month. It would be in the best interests of the city to establish a uniform policy on this issue as well as a uniform format to apply to all departments.

Discipline

The personnel office acts in an “advisory” fashion when it comes to disciplinary action. The NJ Department of Personnel and LGBR routinely recommend a policy of progressive discipline, equally enforced, to effectuate more positive change. At present, it would appear that disciplinary actions are decentralized throughout the various departments, and not uniformly enforced, with legal advice emanating from the city solicitor’s office when necessary.

Since Ocean City maintains a professional human resource office, the team recommends the personnel officer be given the opportunity to take a lead role in establishing discipline objectives and procedures and to conduct staff training. LGBR recognizes certain legal requirements, which the city attorney will still need to address, but a proactive approach in the personnel office could help to reduce problems.

Training

Ocean City has attempted to do some training, but regular courses on supervision, EEO, ADA, sexual harassment, stress reduction, and organization are areas that the city should pursue particularly with its senior staff. A regular schedule of training activities would be beneficial to staff and would contribute towards improving efficiency.

Affirmative Action

The personnel officer in Ocean City is the affirmative action officer. According to the personnel officer, 13% of city staff is comprised of minorities with none performing in a management capacity.

Recommendation:

LGBR recommends that the city attempt to carry out a positive affirmative action plan to address minority concerns. The affirmative action officer also could make attempts to work with the minority community leaders and churches to bring qualified minority candidates to city government. The city might want to consider appointing an affirmative action officer from within city government who is acquainted with the needs of the minority community, and can understand, and promote better community relations. The long-term goal would be to bring the city to a point where the minority community is more equally represented in city government.

Performance Evaluations

Although some degree of performance evaluations was available at the senior level, there is no general overall review of personnel in Ocean City government nor is it tied to any salary increases at present. The team has found that comprehensive evaluations can measure and help improve performance if done in a measured and objective manner as approved by city government and its officials. This process can prove to be a valuable tool in measuring efficiency and constructive improvement.

Health Insurance

The personnel office maintains health insurance records and is helpful to both administration and employees with regard to health benefits. The personnel officer retains strong ties with the Joint Insurance Fund and supplies valuable information to the administration.

We did, however, find that information sought by the public regarding costs and benefits was not as easily obtained as the team found it to be. In one case, a request from a member of council for the total cost of health benefits for all members of council was denied. This issue was addressed in a multi-page response from the solicitor to the member of council. While the team does not take a position on this issue from a legal perspective, the team supports the concept that, with very few exceptions, information be made available to the public.

Recommendation:

We recommend that all information, with the exception of specific health claims or other issues specifically identified by statute as private, be readily available to those seeking such information.

Negotiations

Although LGBR felt the human resources professional should do some research and assist in negotiations, Ocean City has maintained these types of activities in the business administrator's office. Special labor counsel was not used to address contracts with one exception. Therefore, all negotiated settlements were a result of the business administrator's recommendation with the approval of mayor and council. The city attorney indicated he did not participate in negotiations, nor was he requested to do so.

The business administrator is included as one of five senior management persons in what is referred to as a contract, but is actually a formal resolution of city council. This resolution sets forth the terms, conditions and benefits of the employment of these five positions. Being the senior member of this group, the business administrator essentially acts as the negotiator for himself as well as four others. While the team is not acting in an accusatory manner it is apparent that the potential of a conflict could be perceived by some. As a consequence, the team will recommend that the business administrator participate but also involve the city attorney or independent labor counsel to assist with negotiations. This will serve a duality of purpose by bringing a more sophisticated layer of labor law expertise to the table and avoid any perceived conflict of interest on the part of the BA.

Employment Processing

The city recently created an assistant personnel officer position to assist with hiring. However, it should be pointed out that interviewing and hiring practices are decentralized and left in the hands of the department heads as well as the business administrator.

The team recognizes the needs of departments to fill and budget positions, but the city has determined to create a full functioning personnel office with expertise in civil service procedure and the ability to locate skilled employees. The personnel officer is in a position to advise and potentially hire effective employees with the full participation of each department. The city should empower the personnel office and personnel staff to perform this function.

Recommendations:

Establish uniform attendance regulations and procedures; establish procedures to address absenteeism to reduce overtime.

In order to reduce grievances, establish training programs for supervisors to effectuate positive change in personnel management and implement an evaluation program.

Appoint a qualified affirmative action officer. Enhance city efforts to attract minority candidates via close liaison activity with the New Jersey Department of Personnel and community groups familiar with the needs of the minority community.

The city could consider involving professional negotiators in addition to the business administrator, personnel officer and city solicitor to adequately reflect the philosophy and will of the elected mayor and council as the representatives of the people.

Establish the division in the administration department.

HEALTH benefits

Renewal information provided by the broker indicated that the city would spend approximately \$3,139,100 for health benefit coverage in 1999-2000: \$2,373,600 for health insurance, \$513,300 for prescription insurance, \$154,600 for dental insurance, and \$97,600 for vision coverage. There were an estimated 360 people enrolled in the plan, of which 48 were retired.

The team compared the coverage the city currently provides and the cost for that coverage to the State's Health Benefits Plan (SHBP). Based on that comparison, it was determined that the city could save approximately \$341,000 by switching to the SHBP. There are also other alternatives available to the city.

The city currently provides insurance to retired police officers, some of whom do not have the required calendar quarters to qualify for Medicare. The officers who do not have the required quarters would have to pay for both Medicare Parts A & B, which currently costs upward of \$400 per month dependant upon the number of quarters that the individual has recorded with the Social Security Administration. This provision is estimated to cost the city an additional \$50,000 per year.

Recommendation:

The city should negotiate to eliminate this excessive provision found within their bargaining unit contracts. This could be accomplished through a phase-out methodology if the city stays outside of SHBP.

Potential Cost Savings: \$50,000

The city also provides health benefits to employees that work less than the state health benefits minimum of 20 hours per week. The number of hours that the crossing guards work is under this threshold and they would not qualify for the state plan.

Recommendation:

The city should hold fast to a requirement of a 20-hour workweek. The city would save approximately \$8,010 for every employee who works less than 20 hours and receives benefits. If the city were able to eliminate this benefit for just the five crossing guards, it would save \$40,050.

Potential Cost Savings: \$40,050

The city can negotiate several plan design changes, which would bring the costs in line with the SHBP. The savings below are based on 360 participants and a projected cost estimate of \$2,373,600 for the healthcare plan. The plan design changes that the plan administrator suggests would be the elimination of the 100% medical surgical option found in the plan design. If the plan were to charge \$200 for hospital visits and \$100 for each surgery, the city would save approximately \$200,000 based upon last year's usage. Also increasing the plan's deductibles by \$100 for single and \$250 for other-than-single coverage and increasing the caps on co-insurance would result in savings of approximately 4% or about \$94,900. If the city were to change the co-insurance to a 70%/30% rate for out-of-network usage the savings would be about 2% or \$47,500 and the city could save an additional 1%, or \$23,700 by requiring pre-admission review.

The total savings outlined through these plan design changes are estimated to be between \$341,000 and \$366,100. The city has these options and others to save money, yet the option of going to the state's plan is probably the easiest option for the city to pursue.

Recommendation:

The city should consider making the plan design changes or switching to the state's health benefits plan. Savings are estimated to be between \$341,000 and \$366,100. For purposes of this report we will use the lower of the above estimate.

Potential Cost Savings: \$341,000

Prescription Plan

The City of Ocean City has a prescription plan that is estimated to cost \$513,300 for 1999-2000. There are several plan design changes that can reduce the increases in costs for this area of health benefits, which has been described by experts as a primary cost driver in health care today.

Some of the larger prescription administration companies are introducing methodologies to mitigate the usage of higher cost brand, specific name brand medications in order to control costs for their clients. These include the usage of three tier co-pays and drug formularies, which do not include some medications because the drug's therapeutic efficacy does not, in the opinion of some medical experts, warrant its premium price. A study by a major pharmacy administration company indicated the amount of savings a plan could expect with several plan design changes.

If the city were to institute a three tier co-pay to its employees they could expect to save about 7% to 9% or \$35,900-\$46,200.

Recommendation:

The city may wish to negotiate and implement plan design changes such as those discussed above. The savings are estimated to be between \$35,900 and \$46,200. For purposes of this report we will use \$35,900.

Potential Cost Savings: \$35,900

Dental Plan

The city has a dental plan, which according to renewal data, is estimated to cost \$154,600 for 1999-2000 fiscal year. The State of NJ currently requires its employees to participate in premium co-pay of 50% of a plan's costs. If the district were to negotiate this with its employees, the city would save its taxpayers about \$77,300 per year.

Recommendation:

The city should negotiate a 50% premium co-pay with its employees. This would result in \$77,300 savings to taxpayers.

Potential Cost Savings: \$77,300

Based upon previous experience, the team has found that in some municipalities the city is providing health care to persons that are not entitled to coverage either through contract or retirement. While this is less prevalent in a city which is self-insured as is the case in Ocean City, the city should do an internal audit to ensure that the taxpayer is providing this benefit only to persons qualified to receive coverage.

INSURANCE

Property and Casualty

The city is insured for property, general liability, auto liability, workers' compensation, environmental impairment, public officials and, employment practices through the Atlantic County Municipal Joint Insurance Fund (ACMJIF) and the Municipal Excess Liability Joint Insurance Fund (MELJIF). The ACMJIF provides coverage for the first \$5 million in liability coverage. The MELJIF provides an additional \$5 million of excess liability coverage for a total of \$10 million in liability coverage.

The ACMJIF requires that each participating municipal entity designate an employee, or third-party representative with appropriate professional credentials, to serve as a commissioner of the ACMJIF. That designee also coordinates the following key activities between the ACMJIF and the municipality:

- insurance plan administration;
- safety plan administration; and
- risk management.

At the time of the review, the Director of Personnel/Risk Management was the primary staff member responsible for insurance oversight and served as the designee to the ACMJIF in matters relating to insurance plan administration and safety plan coordination. The city designated a third party representative to oversee risk management activities.

It appeared to the team, based on information provided by the city, that the city was satisfactorily represented in ACMJIF activities.

We commend the city for its participation in the Joint Insurance Funds as a creative means for managing its risks and saving money.

Workers' Compensation

The team reviewed the city's workers' compensation claims and related claim administration policies and procedures. The city pays 100% of lost salary and wages on workers' compensation claims starting on the first day of work missed. New Jersey State Statute requires at a minimum, that workers' compensation insurance be paid at 70% of the injured employee's salary and wages not to exceed a maximum weekly amount established annually by the New Jersey Department of Labor (\$516/week in 1998), and only after the eighth day of work is missed. As the following table shows, the city could have saved approximately \$25,700 or 50% of the approximately \$50,800 in wages actually paid in 1998 had it adopted the state guidelines:

1998 Workers' Compensation Claims						
Department	Total Days Missed	Salary Cost at 100%	Cost if State Standard Adopted	Savings if Not Paid Out for 1-7 Days	Savings if Paid 70% to State Cap of \$516	Potential Savings Current Policy vs. Statute
Public Works (*)	275	\$39,189	\$21,810	\$4,722	\$13,304	\$17,379
Fire	13	\$2,341	\$1,135	\$267	\$999	\$1,206
Public Safety (**)	99	\$7,617	\$2,117	\$4,593	\$1,085	\$5,500
Administration/ Finance/Comm. Service	22	\$1,645	-0-	\$1,645	\$235	\$1,645
Totals:	409	\$50,792	\$25,062	\$11,227	\$15,623	\$25,730

*163 days are attributable to one injury.

**55 days are attributable to two injuries.

Recommendation:

The city currently provides 100% salary starting on the first day of missed work for any employee that is unable to work due to an injury or illness incurred at work. As per state statute, workers' compensation insurance requires the payment of 70% of lost salary and wages up to a maximum weekly benefit established annually by the New Jersey Department of Labor (\$516/week in 1998), and, only after the eighth day of work is missed. By following the statute, the city could save \$25,730, or 50% of annual salary costs based on 1998 lost salary experiences. The team recommends that the city negotiate with the bargaining unit(s) so they may adopt the State of NJ workers' compensation payment statute when paying lost wage claims.

Potential Cost Savings: \$25,730

The occurrence of work related injuries and associated costs appear low considering the overall size of the city's workforce. This favorable experience may stem from the work of the city's safety committee which was established to formulate and recommend worker safety policies and conduct safety reviews.

We commend the city for establishing a safety committee as a means for identifying and managing potential safety risks that could possibly have an unfavorable impact on city finances due to claims and/or related litigation costs.

Information Systems/Office Automation

Technology provides local government numerous opportunities for savings through improved productivity and staffing realignments. For this to be most successful, it is necessary to keep up with the private sector in the utilization of up-to-date technologies and procedures.

Ocean City established an ad hoc Information Services Department (ISD) in 1996, which, according to city officials did not perform according to expectations. Reorganizing the department in 1998, the city selected 10 employees representing the departments in an effort to deal with pending Y2K issues and promote technology usage. The person chosen to head this committee is the head of the computer crimes bureau in the police department. This individual is a patrolman, assigned as a detective, and also acts as the assistant director of public safety. When appointed to this position he was also given the additional title of city system administrator. The knowledge and skills of the system administrator is sufficient to handle the needs of Ocean City. The team could not identify a salary cost to the city as each department employee's primary responsibility is to his respective unit, and actual time dedicated to computer issues varied between members.

According to the director of public safety, the ISD falls under the jurisdiction of public safety. The team found the hierarchy of command contradictory, as the system administrator, a detective, is technically higher in title than the chief of police, the individual's commanding officer. Furthermore, according to city administrative ordinance - Chapter 2-1.2c "Department of Financial Management" all data processing systems are the responsibility of the chief financial officer. In this section only the administration of the city telephone system belongs to the Department of Public Safety (Chapter 2-1.2e.).

Ad hoc technology departments do not permit control mechanisms that would maximize efficiencies in technology usage, as members tend to prioritize the needs of their departments and their bosses. A formal Management and Information Systems (MIS) department would perform a needs assessment survey of each department, purchase software and hardware that would promote data integration and efficiency, and prioritize initiatives based on organizational need and uniformity. For example, a comprehensive payroll system integrated with a human resource module and the finance package would generally eliminate manual employee time reporting while allowing the municipality to perform payroll functions and budgetary impacts of contract negotiations over a multiple-year period. In Ocean City, the team witnessed individual departments researching their own products without addressing cross-utilization of software between departments. In addition, each department has different policies for employee time reporting and a personnel department shopping for its own human resource package without consulting the payroll department. The current payroll vendor has hardware and software for employee timekeeping and human resources, including a swipe card time keeping system. The vendor's software is completely integrated. In comparison to the payroll vendor's software package, the finance department's software has a payroll module but not a human resource module. The finance package payroll program does integrate with the existing finance package, however, the major drawbacks of using the existing finance package for payroll, as reported in our interviews, is its lack of flexibility, limited application, and overall dissatisfaction with customer support. Regardless of payroll system, the city could eliminate the multiple personnel reporting procedures by adopting a citywide integrated personnel and payroll system. This would also generate efficiencies in the payroll department as the payroll clerk deals with at least five different timekeeping procedures. Apparently, each department has established its own reporting format and forwards these reports to the payroll department. Often the reports are incomplete or inaccurate. Furthermore, the payroll department uses a manual system for supplemental paychecks.

The team also identified additional deficiencies with the fleet work order system located in a separate building, and the appearance of a lack or disproportionate distribution of technology between various operations and users. Automation of the timekeeping function will lead to productivity enhancements and possibly staff reductions. A needs assessment survey will aid the business administrator in determining appropriate staffing.

Recommendations:

Even though a city ordinance establishes the ISD under financial management, the team believes those MIS comprehensive organizational responsibilities, and associated risk and cost, fall under the guidance of the business administrator. It is, therefore, recommended the city transfer the information systems department from the department of public safety to the business administrator.

It is recommended that the city transfer the detective to the business administrator's office as MIS director, responsible for all technology initiatives and purchasing. There should be no additional cost, as the police section recommends the elimination of the computer crime division and the assigned detective. Funds commensurate with the personnel and costs involved would be reallocated to the administrator's office.

If the city chooses to perform supplemental check policy, it is recommended that the city invest in a third party check software package to eliminate the current manual process. These are available at very reasonable cost in the open market, in some cases for less than \$100.

Technology Plan

The ad hoc department has not created a technology plan due, in part, to the primary responsibilities of the committee members. Technology plans provide budgeting information for senior management, elected officials, and the public. Most importantly, the process of developing a plan familiarizes the MIS department with city needs, encourages uniformity and purchasing that maximizes cross-utilization between departments and users. The plan is a snap shot of current technology usage and an outline of city plans for the next 10 years. It should be updated every two years.

Recommendation:

Technology plans are critical to future budgeting and provide structure to technology integration. It is recommended that the MIS director create a technology plan based on a needs assessment survey in order to identify hardware and software needs.

Infrastructure

During the review, the city was in the process of upgrading technology, which included a network in the administration building, replacing a non-Y2K compliant police system and replacing older computers throughout the city. The city installed category-5 wiring with the plan to use fiber optic wiring between buildings for the eventual networking of city-owned buildings.

According to the city technology inventory listing that included users, the city currently owns 117 PC based computers and 11 "dumb" terminals working off an old mid-range computer. It appears that the city may own more as our tours indicated individuals with computers that were not listed on the report. Furthermore, there is no inventory listing for computer parts or a repair-support work order system in place.

The city does not employ the use of email with the exception of individual accounts granted to selected individuals in each department. There is a written policy outlining guidelines for Internet usage and email on the individual accounts. The policy addresses the public record issue regarding email particularly the exposure of liability of

transmitting confidential information via the Internet. An internal email system can help address confidentiality issues and should be considered when developing the technology plan.

The city also plans to develop an official website. The site will contain general information, feature events and will permit online purchasing of beach tags. The city could also consider a plan to develop a web page that permits online paying of fines and fees assessed by various departments. The city should consult with the Administrative Office of the Courts and Department of Community Affairs (DCA) regarding online payment transaction of motor vehicle violations. With the advent of 128-bit encryption, secure online access can help protect users of online transactions. The city may recover some of the web maintenance costs by permitting local businesses and rental agencies advertising access. All monies collected must be used towards the operating expense of the website. This concept was recently advocated by DCA at the most recent League of Municipalities Convention held in Atlantic City.

Recommendations:

Without a technology plan, review of city infrastructure and plans is difficult, at best. Still, the geography of Ocean City will permit the use of a wireless system that often pays for itself in approximately two years from savings derived from new technologies eliminating line charges between buildings. In addition, implementation of a comprehensive email system will facilitate communication, and, therefore, enhance efficiency between departments once the city completes its network. It is, therefore, recommended that the city explore these alternatives when the MIS director develops a technology plan.

It is also recommended that the city contact local businesses to assist with the development of the website to encourage advertising, which will help defray the cost of the website. Additionally, the city should explore maximizing the use of the web for online transactions, processing of fees and fines, and the promotion of scheduled activities.

Technology Expenditures

It appears Ocean City was not Y2K compliant until the current ad hoc committee began to address the issue in 1998, and the elected political body began appropriating necessary funding. The urgency to upgrade critical systems may have led partially to the disproportionate integration of technology as some departments had very elaborate systems while others were working without computers. According to the Chief Financial Officer (CFO), the city spent \$133,056 in 1998 and \$24,046 from January through October of 1999. An additional \$51,500 in expenditures was funded through various capital accounts from 1998 and 1999 for a two-year total expenditure of \$208,602.

Our review found the city purchases technology through the bidding process. The team has found that bidding technology results in savings approximately 30% over state contract purchasing, however, bidding requires technical knowledge of computers and organizational application. A comparison of Ocean City bidding specifications to a major computer supplier on state contract found the city saved 5% or \$75 per unit. An analysis of the hardware revealed that the bid units contained top quality parts making the bid units a better value than the state contract counterpart.

A key component of the bid requires a "test" computer be submitted with the bid allowing the city's system administrator who is also an "A+" certified computer technician to test and disassemble the computer to verify the computer meets bid specifications. The city system administrator and the team both recognize lesser quality parts may have negative impacts upon technology operations.

Shared Technology Services

The team feels that the city would benefit from a dedicated MIS department under the guidance of the business administrator. The city and public library should consider combining all technology functions under the department and jointly fund the department. The library would benefit from the expertise of the city system administrator and the savings from joint purchasing. In addition, the city would benefit by charging part of the departments' costs toward the 1/3 mill requirement of the library payment. Once established, the city should also explore the option of

coordination and sharing of expertise of the MIS department with the Ocean City School District. The team feels this is a viable option since technology usage is similar, differing only in application usage. This could be easily be accomplished by utilizing the services of the dedicated MIS person mentioned earlier for all the referred to entities. The city, library, and school district could immediately benefit from the increased purchasing power based on economies of scale.

Photocopiers

Ocean City owns 19 photocopiers and leases/rents an additional 10 at an annual cost of \$20,856. The city uses a vendor for maintenance at a cost of a penny for each copy. The city estimated 1999 copies of 957,300 at a cost of \$9,573. Supplies, paper and staples are not included. The purchasing agent monitors copier usage as the cost of the maintenance contract is based on the number of copies. If the number of allowed copies exceeds monthly usage, the purchasing agent analyzes city consumption patterns and re-distributes the machines accordingly.

The team compared the maintenance contract on owned copiers to the NJ State Contract T0206: “Cost-per-Copy” photocopy contract where vendors supply hardware, maintenance, and supplies (except paper and staples) charging only for the number of copies on the machine. The contract allows the municipality to upgrade photocopy equipment every three years. The LGBR team experience has consistently found cost-per-copy contracts less expensive than traditional lease purchase and maintenance agreements. However, this was not the case in Ocean City. A review of the city-owned copiers found that while the city pays \$9,523 in maintenance contracts, the same copiers under the T0206 “Cost-per-Copy” contract would cost \$13,904. Upon further review of the maintenance agreements, it appears the city purchases refurbished copiers from the same vendor providing the maintenance contract. This unique arrangement of what amounts to essentially “special pricing” for the refurbished copiers contributes to the penny per copy rate that the city and the taxpayer are enjoying.

A comparison of leased copiers to the “Cost-per-Copy” contract found seven of the 10 leased copiers were more expensive than the “Cost-per-Copy” agreements. The team exempted two seasonal rentals and a recently leased copier for the finance department. The remaining seven machines cost taxpayers \$11,333. In the team’s analysis, we identified a savings of \$5,428 for the “Cost-per-Copy” contract based on the city’s allowed usage. However, after receiving a meter reading list from the purchasing agent, we found the city had over-estimated the number of projected copies by 17,221. The team’s second analysis increased the annual savings to \$7,087.

Recommendations:

Having the city purchasing agent monitor photocopy consumption on a monthly basis and then redistribute the machines is inefficient, especially when the city over-estimated the number of projected copies by over 17,000. The city should charge primary supervisors in each area with the responsibility of monitoring copiers’ usage. This should create a productivity enhancement for the purchasing agent and the facility staff that moves the copiers.

The LGBR team recommends that the city explore the NJ State Contract T0206 - “Cost-per-Copy” contract for a cost savings of \$7,087.

Cost Savings: \$7,087

Duplex Printers and Digital Copiers

As Ocean City continues to integrate technology, the city should explore recent emerging technologies as alternatives to improve efficiency and realize monetary savings. Digital copiers that perform dual printer and copier functions at a cost of a penny per page, eliminate the need for two pieces of equipment. Additionally, printers with duplexers allow front and back printing on each sheet without requiring manual intervention. Such devices can reduce paper consumption up to 40%, are environmentally friendly and improve efficiency in departments that utilize both printers and copiers. Furthermore, several manufacturers of digital copiers indicated the printing cost per page was the same as standard copiers.

In 1999, the city spent \$6,919 on copy paper. The team believes the city may reduce paper costs by up to \$2,767 if the MIS department were to replace standard copiers and printers with duplex printers and digital copiers. This would require the BA to establish a cost-effective and environmentally friendly policy of double-sided printing. The team recognizes that savings would accrue to the city over an extended period, as older obsolete equipment was replaced.

Recommendation:

Duplex printers and digital copiers offer a cost-effective alternative for printing expenses and are environmentally friendly. It is recommended that the city switch to duplex and digital copiers for an estimated savings of \$2,767 in paper costs.

Cost Savings: \$2,767

LEGAL

Staffing and Financial

The city solicitor and the municipal prosecutor staff the department of law. Both the solicitor (director of law) and the prosecutor are listed as employees of the city at annual salaries of \$15,000 and \$20,000 respectively. City records indicate that the director of law does not receive health benefits, but the prosecutor does. Both individuals by virtue of their employee status are included in the Public Employee Retirement System (PERS). As a result, the position value of both persons amounts to \$49,651. The team reviewed city records and found that the base salaries have been the same since 1995.

It is common for city attorneys to be included in PERS. This is true even when the salaries seem low. It should be pointed out that even when the amounts appear low for each municipality, for pension purposes PERS combines all salaries together as a basis for retirement calculations.

In addition to the salary and wages, Ocean City's expense for legal services was as follows:

Year	Amount Charged or Paid
1995	\$201,139
1996	\$217,519
1997	\$218,729
1998	\$182,559

The solicitor has served in this position for approximately 20 years. He is highly respected by senior staff, regularly attends management meetings and is used extensively by the administration. Based upon interviews, the attorney attends all meetings, and bills at the rate of \$120 per hour beyond the initial \$15,000 salary. The contract in place is general in nature and provides no detailed list of services provided. Additionally, there is no mention of the city's recourse should services not be provided. The solicitor advised the team that he does not handle any matters involving insurance defense work and was unaware of claims or litigation against Ocean City for which insurance coverage was being provided. The solicitor also indicated that he does not participate in contract negotiations and does not review employment contracts prior to submission to council for approval. The business administrator handles contracts and issues related to those matters. The solicitor indicated that he primarily deals with council ordinances, resolutions, and condemnation matters. The solicitor provided the team with a copy of a letter regarding condemnation matters that he had earlier directed to the municipal compliance auditors in response to a request of pending litigation.

The team examined 16 randomly selected zoning resolutions and compared the legal billings charged and the completeness of the file. Four or 25% of the files did not contain a resolution,

although there was a corresponding legal bill for each of the matters. The billings representing the four with missing resolutions were all for eight tenths of an hour of legal work. However, the dollars associated with the time ranged from \$180 to \$372. Of the 16 reviewed, 12 were for eight tenths of an hour, three specified one hour with one specifying two hours. The bill that indicated two hours of legal work totaled \$1,284. The team could not reconcile the amount of time specified and the amount billed; however it was concluded that legal invoices were not being reviewed. The following table reflects the findings of the team:

Hours	Amount Billed	Notation
.8	\$324	4 Page Resolution
1	\$240	2 Page Resolution
2	\$1,284	4.5 Pages (in depth resolution)
.8	\$276	3.5 Page Resolution
.8	\$228	2 Page Resolution
.8	\$348	2.5 Page Resolution
.8	\$240	2.5 Page Resolution
.8	\$192	No Resolution on File
1	\$216	3 Page Resolution
.8	\$180	No Resolution on File
.8	\$192	2 Page Resolution
.8	\$180	No Resolution on File
1	\$1,104	7 Page Resolution (litigation)
.8	\$168	2 Page Resolution
.8	\$372	1.5 Page Resolution
.8	\$372	No Resolution on File

The team is of the opinion that most, but not all, resolutions adopted by the zoning and planning board are routine in nature and in all likelihood could be prepared by city staff and only need to be reviewed by legal staff.

Recommendation:

The team recommends that the city administration review all invoices for legal services and require the approval of the appropriate city division. The CFO and BA should then review and approve them before they are processed for payment. City staff should perform as much work as possible “in house” involving routine resolutions.

The matter of the city requesting an RFP for legal services was discussed with the solicitor, however the attorney felt that would not be appropriate.

Recommendations:

We recommend that the city ensure that there are current, fully executed, authorizing resolutions and contracts in effect for all legal services. The contract should stipulate the specific services required, city recourse for the firm’s failure to provide such services, and an accurate description of the payment method and amount anticipated to be paid for the year. There should also be a “not to exceed clause.” The contract should also be specific on any other items the governing body deems necessary to protect the public interest.

We also recommend that an RFP be prepared that completely outlines the scope of work to be performed, all other expectations and qualifications required of the firm(s) submitting a

proposal. In this way, the city can better determine if it is paying the “market rate” for comparable services. Though the quality of legal services is of greater importance than the cost, there is still a “market” of qualified, competent legal firms that could be contacted and asked to provide proposals for services to Ocean City.

We recommend that the city consider the engagement of a separate labor counsel as a means of effectively and professionally dealing with the myriad of legal personnel and labor issues that must be dealt with by the city.

The business administrator and staff should endeavor to utilize the services of the solicitor prudently, keeping in mind that for every hour of service the taxpayers are incurring a charge of \$120, or more.

A final item that the city could consider based upon the amount being expended in this area each year is to engage an attorney on a full-time basis. The team believes that there are competent attorneys available for full-time employment at a cost substantially lower than what is currently being paid. Notwithstanding this, the city could engage specialist attorneys for specific issues. Savings of only 10% of the average legal expenses over the last four years exclusive of the prosecutor would equate to approximately \$22,148.

Cost Savings: \$22,148

Housing Division Proposed

Ocean City does not inspect residential rental units for compliance with any housing code. There is a smoke alarm inspection currently being performed through the fire division, however that is the extent of any inspections on existing structures, with the exception of response to a complaint. The public safety department estimated the 1998 cost allocated to the smoke detector inspection program to be approximately \$58,000. This figure included salary costs of approximately \$49,450 plus additional costs of approximately \$8,500 in operating expenses. According to information supplied by the acting fire chief, the smoke detector inspection resulted in revenues of approximately \$70,000 in 1998. A check of finance records, however, indicated a far different trend. While actual 1998 revenues were relatively close at \$66,400 to the amount reported, expenses charged to this function varied by a wide margin. The amount budgeted for 1998 was \$40,000 for salaries and operating expenses of \$8,550. However, the actual amount disbursed for salaries and wages for this function amounted to approximately \$15,000, spread among four part-time employees. However, the department exhausted the full amount budgeted for operating expense. This leads the team to believe that the fire division was charging costs associated with other aspects of the division to smoke detector enforcement. A similar scenario was present for 1997. Therefore, the team will use \$23,000 as the “real amount” allocated to this function.

The team believes the city should develop a housing inspection program designed to address concerns expressed by members of council and community groups. This division would report directly to the business administrator or through the suggested new department of Planning Zoning and Community Development. From all outward appearances, the team found most housing to be of high quality. However, as with all communities there are some structures, which fall into disrepair and have the potential of becoming unsafe and an eyesore. This condition impacts negatively upon the neighborhood, and property values. Additionally, it has been found that some properties used as rentals do not meet today’s building and safety codes. In a resort community such as Ocean City, the potential for illegal conversions exists as a result of the lucrative rents a property owner is able to charge. Illegal conversions are done without permits and the benefit of proper inspection to ensure compliance with the appropriate safety related UCC code. This program would not apply to single-family owner-occupied dwellings, but to all rental

units, with some exceptions. Exterior inspections may be conducted for property maintenance on any property, owner-occupied or otherwise, with an interior inspection only with the permission of the owner.

As referred to elsewhere in this report, the city has adopted a mercantile fee ordinance, a part of which requires a fee be collected for each rental unit. This fee is collected through the Mercantile Licensing Division and involves an annual mailing to property owners. City records reveal revenues of approximately \$155,000 for 1998. Based on a single residence fee of \$25, this revenue translates into approximately 6,200 registered rental units in the city. Sources in city government indicated that this number might not be reflective of the true number of rental units present in Ocean City. There is currently no mechanism in place to require the owner of a rental property to register the unit(s) with the city other than the mercantile licensing which simply provided revenue and no inspection.

Based on information received from both programs, each supervisor indicated that collections were what they referred to as “only acceptable,” and in their opinion did not reflect the actual number of rental units within the city. However, no one could estimate what they felt was the real number. Some city staff provided the team with a “guesstimate” of the number of rental units covering a range of 8,000 to 15,000. The fact is that no one really knew, nor did they have any reasonable formula for estimating, short of a physical inspection or a polling of realtors in and around the city. The acting Fire Chief admitted that their records were mostly based on start-up information and did not adequately address the need for additional inspections on resale properties. The current rental registration program, via mercantile license, is based on voluntary cooperation with assistance from the tax assessor’s office and one inspector. According to the acting Fire Chief attempts to uncover rental properties during the summer season through inspection efforts were not well received and had a negative public relations effect. It was evident that both programs did not identify all rental properties or uncover potential problems with illegal or unsafe conversions. In an effort to make reasonable projections and not overestimate potential revenue the team will use 10,000 as a basis for our projections.

In addition to these findings, it would appear that staffing costs for the mercantile licenses are approximately \$113,850 for staff and another \$5,000 for operating expense. Another related program is the office of code compliance, which is outlined in a separate section of the report. This program consists of two inspectors and one clerical with a total position value of \$160,000 and another \$5,000 in operating expense. All programs cost the city approximately \$307,000 including the fire division’s smoke detector program (using real amounts) to operate. Current revenues of \$155,000 for rental mercantile licenses and \$66,000 for smoke detector inspections total \$221,000. LGBR believes that using a conservative estimate of 10,000 units, the city should be able to generate approximately \$600,000 by charging a rental registration fee of \$60. This fee would cover the cost of one inspection and re-inspection. These inspections have the potential of raising additional funds through referrals to the construction official, in the form of permit fees and any appropriate UCC penalties, although the team will not attempt to quantify this amount.

LGBR believes that a unified program could be operated with the current full-time housing inspector, the full-time license inspector from the mercantile area, the two code compliance inspectors and the part-time inspectors currently being used by the fire division for approximately \$342,000 including operating expenses of \$30,000. The clerical support persons currently in mercantile and code compliance could be transferred to this division to perform the record keeping and scheduling function.

Such a program would utilize the BOCA codes as stipulated by the New Jersey Department of Community Affairs and adopted by ordinance by Ocean City. The Housing Inspection/Rental Registration program could incorporate the smoke alarm inspection process as well. Although the city currently functions with a housing inspector, it would appear his primary responsibility is to address complaints related to construction. The adoption of this program would enable the city to register all landlords and rental units. A provision of the ordinance would make it a violation for any realtor to lease a property without verifying that the units are registered. Inspections of properties owned by absentee owners could be conducted with the assistance of the designated realtor who would also serve as the local agent of the owner. The provision of designating a local agent to represent the owner is particularly desirable, and workable, in a resort community such as Ocean City. This scenario has the potential of producing the required number of inspections annually. The team estimates this by envisioning an average of 10 inspections per day, per full-time inspector based on 260 workdays per year. In doing this, the team considers the part-time inspectors being able to fill in for vacations, sick time, personal time, etc. An economical brochure can be produced

that will outline the program to all property owners and could be distributed with tax bills or tax advice along with other pertinent information regarding the city, e.g., refuse requirements, pick up schedules, recycling, beach tag fees, etc. It could further be outlined in the proposed newsletter included in the recreation section of this report. The realtor, acting as the local agent, can also be utilized to advise property owners of the registration and inspection component at the time the property is listed. A citation provision in the ordinance could enhance registration and produce the desired results if cooperation was not forthcoming. City wide benefits of such a program would be to maintain and improve the quality of housing, reduce illegal, un-inspected, and unsafe converted living space, continue smoke alarm safety checks, and produce a revenue stream that will cover all costs incurred.

In addition to the rental registration aspect of the ordinance, LGBR also suggests that an inspection component be introduced at change of ownership. Such an ordinance may affect Certificates of Occupancy now being issued and may require Ocean City to amend such ordinances. This would produce additional revenue but the team will not attempt to quantify it due to the fluctuating number of real estate transfers.

Recommendations:

Establish a housing inspection division with the acquisition of one housing inspection officer from public safety, one license inspector from mercantile, two code compliance inspectors and the part-time smoke detector inspectors from the fire division. The former Mercantile License Office and Code Compliance Office would provide clerical assistance. The smoke detector program now being administered in the fire division would be incorporated into this inspection program.

Introduce a Housing Inspection-Rental Registration Ordinance based on the implementation of BOCA housing regulations as stipulated by the New Jersey Department of Community Affairs. Eliminate the current \$25 fee for mercantile registration. Establish a fee of \$60 per inspection, which will realize revenues of \$372,000, based on current number of registered rentals. However, “real” rental registration envisions revenues annually of \$600,000, based on a projection of 10,000 units. The city would realize revenue of \$600,000 offset by current revenue reductions of \$155,000 for mercantile registrations and \$66,000 for smoke detector inspections for a net gain in revenue of \$379,000.

Net Revenue Enhancement: \$379,000

Eliminate the current part-time staff and operating expense from the fire division currently performing smoke detector inspections with their transfer to this new division. The team estimates that the fire division could reduce its current budgeted amount for this service by the \$58,550. However, no net cost savings would result since the team is using the excess budgeted amount of \$35,000 to cover start up costs for the program, such as promotional advertising, and additional costs incurred for travel and potential overtime.

Establish a computer generated sharing of information from the tax assessor’s office to the housing division to enable inspectors to identify and respond to new property owners.

Space for this unit to function should be sought in the main fire station currently shared with the UCC inspection office. This would facilitate communications between all related inspection functions.

FINANCE

At the time of the review, the department of financial management consisted of the accounting division, tax assessment, and tax collection. A Certified Municipal Finance Officer (CMFO) who serves as the city finance director heads the department. This person frequently teaches a course in municipal finance and is well respected in the field. He also serves as the CMFO for Somers Point, a neighboring community. The position value of the CMFO is \$99,474, on a salary of \$80,684. It should also be noted that the CMFO receives \$3,000 for serving as the “Custodian of School Monies.” The CMFO along with several other senior management staff receives a “bonus” of \$2,000. This bonus is actually a match to any deferred compensation the staff member contributes. The team feels that, coupled with the salary and benefit package in place, the “bonus” is excessive and that this should be eliminated from all that receive it. The team feels that it is a means of paying additional compensation that will not appear in the salary ordinance and is a misleading practice.

Recommendation:

Eliminate the “bonus” awarded to selected members of the municipal staff. This amount is quantified in the personnel section and will not be duplicated here.

Staffing

The division of accounting is headed by the city comptroller who is also a Certified Municipal Finance Officer (CMFO). This person supervises the payroll, administrative functions, accounts payable, accounts receivable, investment of municipal funds, and grant administration. In addition to these duties, the comptroller also supervises the office of parking regulations, including the parking meter collections, and the 5th Street Parking Lot. The division of tax collection and the division of tax assessment are reviewed separately.

Training

During the interview process it was determined that no formal in-service, or refresher training takes place in the department. It was stated that only on-the-job training was taking place. It was also noted that little cross-training of staff had taken place over the years. Obviously, an inherent danger of this is that if someone is out sick or on vacation much of the work waits until that person returns. Training is an essential component of keeping a competent staff up-to-date on new concepts, regulatory changes, and familiar with the latest technology. It was surprising to note this since the head of the department is an instructor in municipal finance and could perform much of this function “in-house.”

Recommendation:

Establish a routine system of in-service refresher training and provide for cross-training for the staff in the finance department.

Payroll

The city has an agreement with its primary banking partner to provide for the processing of all paychecks. The bank does not charge for this service but provides it as one of the conditions of obtaining the city banking business. This arrangement provides a savings to the city, however not to the extent that one would initially assume. City time records are delivered to the payroll clerk, who then puts all data in a format that is required by the payroll processing company. This is, as one would expect, a time-consuming process and the most labor-intensive part of the payroll processing. Should the arrangement with the financial institution ever be terminated, it would be a simple matter to add a payroll module to the current finance package and process the checks in-house. The cost would be relatively small since the most costly part of the process is in compiling the data to send to the payroll company. Another issue is that if it becomes necessary to process a paycheck between regular pay periods this must be accomplished

manually. It was related to the team that only one person in the finance department was regularly used in this process, which removes any of the checks and balances that would be present, should multiple persons be involved. Since Ocean City has a functional personnel office that, in the opinion of the team, is not being fully utilized, the city may wish to centralize the payroll function to include a standardized attendance format. In the opinion of the team, this would increase efficiencies and provide all payrolls, insurance, pension, attendance and retirement functions in one office. Another advantage of this function is that it would free up some time to allow the person previously assigned to payroll to work with the purchasing department, to assist in the review of invoices, and participate in the utility review mentioned elsewhere in this report.

Recommendation:

Transfer the payroll processing function to the personnel office in order to centralize, standardize, and coordinate all payroll, insurance, pension, attendance, retirement and related functions in one location. This will provide for the appropriate checks and balances necessary in financial management.

Budget Reporting

An issue that was commented upon by numerous department heads throughout the city was the lack of budget reports provided to them from the finance department. Specifically, this is a report that would indicate where each department stood in relation to the amount appropriated, amount spent to date, and the amount still available. This can and should be done for both payroll and operating expense. A detailed list of expenditures charged against any department should also be provided the department head. This was perceived by the department heads as a serious issue, which impacted negatively upon their ability to manage their department in an effective and efficient manner. The team agrees with this assessment and feels that it is extremely difficult for any individual to manage effectively unless timely and accurate reports are available to the person.

Recommendation:

The finance department should provide timely and regular budget reports to all those that have management responsibility. This is essential for managers in order to make appropriate decisions.

Cost Centers

Every municipality has an obligation to maintain its finance records in a manner consistent with state statute. The team acknowledges that Ocean City complies with this regulation and this practice is commonly referred to as being in compliance with its statutory obligation. However, there is another area that is referred to as managerial responsibility. This is the process of maintaining records, and being able to retrieve, and disseminate information necessary for managers to make informed decisions. While the city has made it a point to maintain meticulous records on income and its derivation, it has not been so meticulous on expenditures. Ocean City has maintained a long-standing practice of lumping the costs incurred in a variety of areas together making it nearly impossible to accurately ascertain the true costs of any one municipal service. An example of this would be the combining of all costs associated with the airport, golf course, transportation center, and boat ramp together. This practice makes it difficult, if not impossible, short of a complete annual reconstruction of city records to allocate the costs to the

unestablished cost center. The allocation of costs incurred to various cost centers is a routine and essential part of modern cost accounting in private enterprise. It was reported to the team that at least one department head had performed his own cost center analysis, but it was not adopted when presented to senior management. The team feels that this is a serious financial management flaw and feels that the city, while being in compliance with its statutory obligation, has fallen short in its managerial obligation.

Recommendation:

Take appropriate steps to establish the appropriate costs centers, and allocate the cost associated with each activity to the appropriate cost center. In this manner, the city managerial staff, governing body and city taxpayers will have a true and accurate representation of how and where taxpayers' money is being spent. Once accomplished, more informed decisions can be made regarding expenditures.

Set Overtime

A review of police division overtime records revealed a pattern of overtime with at least two clerical individuals. Both of these employees were paid approximately 10 hours of overtime each pay period. This amounted to \$7,851 for one, and \$7,872 for the other. Set overtime is highly inefficient and should be avoided.

Recommendation:

Set overtime should be avoided by more appropriate and efficient scheduling of personnel.

Cost Savings: \$15,723

Centralized Collections

At the time of the review, the city was collecting and counting substantial amounts of revenue in a variety of decentralized locations. This included parking meter revenue, beach fees, and ramp fees to name a few. Some of these locations are considered reasonably secure while others are not. While many throughout the city know most of these locations, in the interest of security, we will not detail the list of locations. The team is of the opinion that the city should consider establishing a system of centralized collections at a location considered safe, secure, and able to be monitored by police personnel. The team feels that the collection of revenue should be accomplished in city hall, in the vicinity of the office of the tax collector. In many cases, as with beach fees and parking meter receipts, funds are collected and transported to two different locations for counting. This could just as easily be accomplished in city hall as in the current locations.

Recommendation:

The team recommends that the city take appropriate steps to establish centralized collections in City Hall. This should include as much of the revenue collection process as possible, and at the very least beach fees and parking meter revenue. Wherever practical, police personnel should be used to enhance the security of the collection process.

Post Office 46th Street

One of the unique services that the city provides is the operation of what is essentially a neighborhood post office for the southern portion of the island. While the team recognizes and appreciates the service that this activity provides, we feel that this type of activity is best left to either the United States Postal Service, or better yet, the private sector. The position cost of personnel at this facility total approximately \$21,000. We estimate that the annual utility and maintenance costs amount to approximately \$4,800.

Recommendation:

Close the post office at 46th Street and transfer this service to the United States Postal Service or allow the private sector to assume this function.

Cost Savings: \$25,800

Cash Management

The team reviewed the city's cash management practices for the investment of idle funds. The city has banking and investment relationships with two local financial institutions. One bank processes the city's paychecks free of charge and allows the city to use an electronic sign the bank owns at one of the city's entrances as an inducement for getting the city's business. These types of services must be taken into consideration when one analyzes this area. All accounts that the team reviewed were interest bearing. LGBR compares the rate of return with the New Jersey Cash Management Fund (NJCMF) and/or the 91-Day Treasury bill rate. Ocean City is currently using the NJCMF to invest its idle funds. The city does not regularly solicit a Request for Proposal (RFP) from other financial institutions.

Recommendation:

The team commends the city for its utilization of the NJCMF to invest idle funds and that its local accounts are interest bearing. However, the team recommends that the city regularly solicit RFP's from other financial institutions to ensure that the city is always receiving the best return for the taxpayer.

Bill List

The finance department, in accordance with the city Administrative Code, does not provide the members of the elected governing body a "bill list" prior to any council meeting. As a result, city council does not have an opportunity to publicly vote on payment of bills or have an opportunity to review any bill prior to payment. The responsibility for this function has been left to the discretion of the Chief Financial Officer (CFO). In effect, this information is unavailable to the duly elected representatives of the people. The team is of the opinion that this information, as with everything that occurs in city government with only minor exceptions, should be open and available to, not only the elected representatives of the taxpayers, but the public in general. Notwithstanding the above, and in accordance with N.J.S.A. 40A:5-17 and 40A:5-18, all claims for payment approved by the local unit shall be recorded by the local unit, either in its minutes, or in a manner prescribed by the director. The approval shall be open to the public. Therefore, a complete and comprehensive bill list should be provided to the governing body so that it may be included in the minutes, and made available to the public.

Recommendation:

A complete and comprehensive bill list should be made available to all members of council in sufficient time prior to any council meeting to allow the elected representatives of the taxpayers to review and question any payment, in accordance with state statute.

PURCHASING

Overview

The purchasing division is part of the department of administration with offices located in City Hall. The division presented the team with a copy of a detailed and comprehensive “Purchasing Policy and Procedures Manual” that had recently been revised in January of 1999.

The fundamental objectives of the division as stated in the manual are as follows:

1. To promote an understanding of sound purchasing practices, procedures, and the New Jersey Local Public Contracts Law throughout all departments and divisions of the city.
2. To provide aid and assistance to all departments in purchasing and contract related matters.
3. To assist in the determination of the most efficient, legal, and economical means of securing commodities and services. This assistance shall include the following:
 - 3.1 To assist in the development of standardized specifications for the procurement of commonly utilized commodities and services.
 - 3.2 To consolidate purchases of commonly utilized items, to obtain the maximum economical benefit for the city and utilizing departments.
 - 3.3 To maintain files and provide the most current information on city, state and county co-op contract purchases.
 - 3.4 To establish and maintain current vendors' list which can be utilized as part of the daily procurement process.
 - 3.5 To maintain files and/or Internet sites on various vendors and related products that may be utilized by the departments and divisions when researching products and potential vendors.
 - 3.6 To establish and maintain the required quality standards in materials and services.
 - 3.7 To promote standardization of materials and services, and to avoid, where possible, duplication and waste within the system.
 - 3.8 To assure a continuity of supply, materials, and services.
 - 3.9 To achieve a cost savings through constructive suggestions and to effect value analysis techniques.
 - 3.10 To maintain a Fixed Asset Inventory Report of all city-owned property and equipment.
 - 3.11 To assist in the proper and legal disposal of all surplus city-owned property and equipment.
 - 3.12 To try to obtain the maximum value for the public tax dollar.

The purchasing division’s major objective is to achieve savings through the application of efficient management techniques, especially savings effected through volume and consolidated buying. Under the city’s centralized procurement system, the responsibility rests with the purchasing division. By devoting a specialized effort to the coordination of the requirements of the various city departments and divisions and by inviting widespread competition, maximum value can be expected from the city’s expenditures.

For 1998, the New Jersey Public Contracts Law requires that all purchases in excess of \$12,300 be advertised and that sealed proposals be taken. For purchases between \$1,000 and \$12,300 the municipality is required to obtain competitive quotes. For purchases under \$1,000 the purchase can be made without quotes or bids. Where several purchases of like products occur within the year, the value must be aggregated for purposes of complying with the

local public contract law. The manual being used by the city details the aforementioned requirements and further requires the requisitioning department for items of more than \$50, but less than \$999 to “competitively” shop the item or service to insure that the vendors with whom the city deals are maintaining competitive pricing and appropriate quality. Based upon a random sample, bids or quotes appear to have been properly obtained during 1998. The team did not perform a comparative analysis of prices obtained however.

The city is to be commended for the manual that the purchasing division is using as it is one of the most comprehensive the team has witnessed, and is a model that could be emulated in other communities.

Recommendation:

Keeping in mind that the NJ Public Contracts Law is periodically updated, the city should monitor the appropriate statute, noting any modifications that are made to the NJ Public Contracts Law and amend its policies, procedures and amounts to ensure continued compliance.

Staffing

The division is staffed with a purchasing agent, one principal purchasing assistant/typing and one purchasing assistant/typing. The position value of the purchasing agent is \$74,406 on a salary of \$57,823. The position value of the balance of the staff adds an additional \$116,772 for a total position value of \$191,178. Operating expenditures of this department during 1998 were approximately \$6,400, for a total division cost of approximately \$197,578.

During 1998, the division processed 4,022 purchase orders. The number of purchase orders per person was just under 26 per week for an average cost per purchase order of \$77.34. The cost to process one purchase order based solely on the division’s cost is approximately \$49.12. It must be kept in mind that additional costs are incurred in other departments relating to purchasing as a result of the time consumed in processing the initial requisition and research, although that cost is not quantified in this section. LGBR recently completed a review of a North Jersey community which had a purchasing department comprised of a purchasing agent and three staff members that processed 2,397 purchase orders in a recent year. The total cost to operate the department was less than Ocean City’s, however, the number of purchase orders per person was only 11.5 per week, and the average cost per purchase order was nearly \$74.00. Based on this comparison, one would conclude that Ocean City’s unit cost is in line. However, the team feels that Ocean City’s cost to process one purchase order is still high. Therefore, the team feels that an increase in productivity of 10% is attainable.

Recommendation:

Ocean City should strive to attain an additional increase in productivity in the purchasing division of 10%.

Productivity Enhancement: \$19,600

It was related to the team that the division has difficulty in the processing of requisitions from the various departments. In addition, in some cases the division must issue what is known as a confirming order for a purchase made by another division that did not follow the established purchase procedure. These issues further disrupt the smooth flow of the purchasing system as it has been designed. The team would like to point out that this is not a problem that is unique to Ocean City. This is an issue that is prevalent and mentioned nearly every time LGBR reviews

this area of a municipality. It is necessary that the purchasing agent and business administrator regularly stress to all staff the importance of working with the purchasing division. Doing so will facilitate and hasten the receipt of needed services and equipment.

Recommendation:

The purchasing agent and business administrator should stress the importance of working with the purchasing division in the processing of the necessary documentation.

TAX COLLECTION

During FY 1998, three full-time and five part-time employees staffed the tax collection function. One of the full-time employees is the tax collector.

An efficient workload ratio identified in previous LGBR reports is between 3,000 to 3,300 tax lines per staff person. For purposes of this analysis, we will count each part-time employee as one half FTE, making a total of 5.5 FTE. The city has approximately 17,000 tax line items and approximately 200 items in the Special Improvement District (SID). The ratio for the city, therefore, based on 5.5 FTE, is approximately 3,091, which is comfortably within the guidelines.

The team was able to compile data regarding the tax collection rate based on the rates noted in the explanatory statements of the 1999, 1998, 1997 and 1996 municipal budgets. The rate information was not contained in the municipal audits; therefore the team was unable to verify the information. The reported estimated rates were as follows:

	1996	1997	1998	1999
Estimated Rate	96.99%	97.16%	97.17%	97.27%

Another benchmark utilized by LGBR for review of the tax collection operation is a target collection rate of at least 95%. As evident in the table, the city is exceeding that rate.

The tax collection office and its staff should be commended for accomplishing an admirable collection rate while working with a staffing complement that is within established benchmarks.

MUNICIPAL COURT

While the team recognizes the separate authority and responsibility of the judicial branch of government, we have made the following comments and recommendations in an effort to provide Ocean City with information on current and potential operations, procedures and programs available to the court. Recommendations are made with the knowledge that they will require the review and approval of appropriate judicial personnel.

The team observed a number of court sessions, toured the facilities and interviewed staff working in or directly associated with the Ocean City Municipal Court. The court is generally administered in an effective and efficient manner. The operation is well-managed and organized with a cohesive group of customer service-oriented employees. The Administrative Office of the Courts (AOC) has used this court to test pilot programs. Ocean City was one of the first courts to go "on line" in 1986 with the Automated Traffic System (ATS). Subsequent to going "on line" this court served as a training center for other municipal courts located in the general vicinity. The Automated Complaint System (ACS) was added in 1993.

In 1998, according to the city audit, the court collected \$901,653 in municipal revenue. The court disposed of 28,146 complaints and added 27,231. During the course of the review, the court administrator indicated that she expected total collections to exceed \$1,500,000 during 1999.

The trend of court revenue for the last three years is reflected in the table that appears below.

Year	Budgeted Revenue	Realized Revenue	Variance
1996	\$615,000	\$621,270	\$6,270
1997	\$672,000	\$749,366	\$77,366
1998	\$720,000	\$901,653	\$181,653

The team commends the judge and the court staff for their efforts reflected in these financial areas.

Organization

In general, it appears that the municipal court is a well-organized operation. The court is able to accommodate competing demands in a flexible and professional manner.

The court proceedings start promptly and continue until all of the cases on the docket are completed. The sessions the team observed were conducted in a precise, orderly and professional manner. The courtroom is quiet and virtually free of disruption and confusion.

The municipal court currently has a staff of seven full-time and one part-time employees. This is supplemented during the summer with three part-time individuals. Total position value of year-round court staff, exclusive of the judge is \$351,348, with summer help adding an additional \$6,859, for a total of \$358,207. The team concluded that the staffing level was adequate.

The presiding judge is appointed every three years. The judge has a professional service contract, is paid \$35,000, receives no health benefits, but is considered a municipal employee for pension purposes. The position value of the judge is \$38,171. In 1998, the judge presided over 125 court sessions.

It was related to the team that the city has curtailed overtime in the courts by instituting a flextime policy.

The team commends the judge and the court administrator for their efforts in reducing overtime.

The court administrator is responsible for all financial transactions in the department. In addition to the court administrator, there is one deputy court administrator, five full-time clerical support staff and one part-time person. The sessions vary due to the seasonal population. Winter sessions begin at 1:30 p.m. on Tuesdays and Thursdays, while summer sessions run all day long starting at 9:00 a.m. on the same days of the week. All of these sessions include special and DWI cases.

The present court administrator has an active “hands on” role with the day-to-day operations of the court.

Police division personnel provide court security. It was related to the team that geographically Ocean City is the most northern community in Cape May County. Because of its location a number of detainees require transportation and arraignment in the Ocean City Court. The police division provided the team with transportation costs per detainee. The cost for the use of two uniformed police officers for the transportation of a detainee was \$176.

In addition to these costs, the detainee must receive meals. The city is also subjected to a high risk of vicarious liability issues regarding the transportation of these detainees. Once the detainee is secured at police headquarters,

police security has to be provided at the holding facility until the arraignment is completed. Based on these factors, the costs were \$35,539 for the year.

While the team was conducting its review, the municipal court in conjunction with the police department introduced a Video Closed Circuit Television (CCTV) arraignment program with the Cape May and Atlantic County Detention Centers, and the State Prisoner Authorities. This is a pilot program that was approved by the AOC. The CCTV arraignment program has many advantages as it overcomes the limitations of time and distances. This program has been active in Atlantic City, Egg Harbor Township and Pleasantville. The video allows the municipalities to reduce the time, money and staff required for arraigning prisoners. At the same time this procedure has a positive impact on security, decorum, and personal dignity.

The team commends the city administration and the staff of the court and police department for implementing a program, which provides an annual productivity enhancement of approximately \$35,539.

The court session is held in a public safety building auditorium. The room has a capacity of 150. The docket typically has 150 to 160 cases, including cases that may be adjourned or dismissed. The court facility appears accessible for the physically handicapped, and large enough to handle the number of persons in attendance at each session.

Case Management

Ocean City receives summonses from a variety of agencies, including the New Jersey State Police (NJSP), the NJSP Marine Division, DEP Division of Fish, Game and Wildlife, fire and building inspectors, code compliance, weights and measures and the local police. The court also accepts complaints directly from private citizens. The various functions in the court, such as entering complaints, scheduling cases, cashiering, producing failure-to-appear notices and warrants for arrest, are delegated by the court administrator to the staff. The staff appears to be well-trained in their areas and adequately cross-trained. Being a resort community, it is not surprising that as much as 85 % of the complaints are issued to non-residents.

As mentioned earlier, the court is on line with the Automated Traffic System (ATS) and the Automated Complaint System (ACS). The ATS/ACS computers provide elaborate record keeping and case-tracking for the city and the state judicial system. The staff appears very knowledgeable in the various features of the system. Both the presiding judge and the court administrator are very cognizant of the management system report issued by the ATS/ACS.

In interviews with the Municipal Court Judge and the court administrator, both voiced some dissatisfaction regarding the failure-to-appear problems that they are experiencing with out-of-state motorists.

The current caseload per month, per employee is approximately 285 cases. The team was impressed with this number which compares favorably to other municipal courts of similar size. There is a substantial amount of work and scheduling issues when dealing with cases that involve out-of-state defendants. This requires a substantial amount of follow up by the staff.

In 1998, the statistical management reports show the average case disposal rate for traffic and for criminal cases to be 103%, reflecting that the staff is effectively using the ATS/ACS computer system. The numbers are higher for 1999 due to the Comprehensive Enforcement Program and the issuing bench warrants by the court. Since 1997, 2,000 cases have been added to the municipal court workload analysis.

Time Payments

From time to time defendants are unable to pay fines assessed by the court in full. In these cases, the judge may allow a defendant to make periodic payments. These payments are called "Time Payments". In many courts, time payments become delinquent requiring aggressive follow-up by the court staff. In reviewing the time payment accounts of Ocean City, the team found that the number of time payments remained stable between June '98 to July '99, totaling approximately \$520,000 outstanding. The court administrator attributes this to the aggressive follow-up

by her staff along with the assistance of the Comprehensive Enforcement Program (CEP). The CEP is a relatively new pilot program offered through the Administrative Office of the Courts (AOC). The program assists the courts in locating defendants who failed to make the required payments and have not responded to collection methods. It is estimated that 20% of the uncollected delinquencies are located and payment made. According to the legislative guidelines regarding this program, the CEP keeps 25% of the amount collected. However, this 25% paid to the CEP becomes a sliding scale since the amount paid to different state agencies by the participating municipal court fluctuates.

The combined efforts of the aggressive staff, the second FTA notice, and the CEP System is leading to increased collections.

The team commends the judge and the court administrator for participation in these programs.

Retention of Records

Many of the documents held for retention by the court staff are stored and available at one location. Their system is more than adequate for their needs.

PUBLIC DEFENDER AND PROSECUTOR

The Municipal Public Defenders Law, N.J.S.A. 2B:24-1 et. seq. requires that each municipality hire a public defender. Ocean City has contracted with a law firm to provide this service. The law provides that an application fee may be charged for those requesting a public defender, to be used in offsetting the cost of having a public defender. In Ocean City, should a defendant wish to have representation by the public defender, the defendant completes an application and confirms that the information on the application is accurate. The judge addresses the defendant on the court record as to the defendant's being indigent. In 1998, the judge charged each applicant \$50 for the public defender's services. The judge assigned approximately 195 defendants the public defender where a fee was charged. Approximately five defendants were not charged a fee due to their financial status.

A professional service contract is in place and the payment for these services is \$11,500 with no health benefits included. The judge processed 213 applications for the public defender. The public defender defended 195 cases. The judge denied 18 applicants.

There is a city prosecutor present for all of the criminal and traffic court sessions. The team observed that the city prosecutor was prepared for his cases and ready to proceed. The prosecutor also handles the record management pertaining to the discovery process and some probable cause cases regarding the police department. The prosecutor has a professional service contract, is paid \$20,000, and receives health benefits.

POLICE DIVISION

The New Jersey State Police (NJSP) list Ocean City with the Uniformed Crime Report (UCR) as a suburban community. The comparative methods utilized by the New Jersey State Police (NJSP) are issued in combination with the New Jersey Department of Community Affairs.

Alcoholic beverage sales and retail sales licensing is prohibited by municipal ordinance. According to the Chief of Police, Ocean City stands as one of the Northeastern United States premier family vacation destinations, which is due, in part, to its reputation as a safe and secure community. The employees of the Ocean City Police Division, both sworn and civilian, are committed to doing their part to maintain a safe family atmosphere.

Ocean City has the largest staffing of police personnel in Cape May County. In 1998, the total number of crimes per 1,000 population was 76.3, with a majority of the crimes in the categories of burglary, larceny and domestic

violence. The seasonal thefts amount to 70% of the crimes reported by Ocean City in the UCR. The crime index was 1,154 incidents for a 15,661 population, and a seasonal population of 150,000 during July and August.

It should be noted that this is the only section that reflects a population estimate lower than the 18,000 the team is using elsewhere.

Municipality	1998 Crime per 1,000	Population	Sq. Miles
N. Wildwood City	97.4	4,988	1.71
Avalon Borough	123.7	1,860	4.82
Ocean City	76.3	15,661	7.0
Sea Isle City	96	2,801	2.5
Longport	17.1	1,264	.30
Cape May County	59.0	98,252	373.5
Atlantic County	71.3	235,447	566.97

THE AVERAGE CRIMES PER THOUSAND IN NEW JERSEY IS 37.1

The police budget is large, compared to the other departments within the municipality, which is not uncommon. During the 1998 budget year, the police department budget for direct position value was \$6,131,712 with operating expenses totaling \$299,850.

Organization

The police division is divided into three divisions: uniform, services and investigations.

In 1998, the table of organization for the police department staff consisted of a public safety director, a chief of police, two captains, six lieutenants, 11 sergeants and 48 regular year-round police officers assigned to general patrol duties, detectives and the administration. There are nine full-time civilian dispatchers, nine part-time dispatchers, two part-time civilians, three clerk typists, four full-time crossing guards and one substitute.

One captain is operationally in charge of the patrol, administration and the detective bureau. The other captain handles the record bureau and towing. There are six lieutenants and 11 sergeants assigned to various tasks dealing with general patrol, the traffic unit, the detective bureau, and other administrative details throughout the department. This totals 68 sworn police officers and 28 civilian personnel (i.e., clerks, secretaries and dispatchers).

Director of Public Safety
Chief of Police
Captains (2)
Lieutenants (6)
Sergeants (11)
Patrol Officers (48)
Special Law Enforcement Officers (45 + or -)

Recommendations:

The team recommends that the governing body consider implementing the proposed table of organization that appears in Appendix G.

The team recommends that the following positions be eliminated: public safety director, one captain, two sergeants, and seven patrol officers. The new staffing table of organization is provided in Appendix G, and is summarized below.

Chief of Police
Captains (1)

Lieutenants (6)
Sergeants (9)
Police Officers (41)
Special Law Enforcement officers (55 + or -)

**The public safety director savings will be quantified in the public safety section.
The reduction of one captain to lieutenant will save approximately \$4,850.**

Cost Savings: \$4,850

The reduction of one lieutenant to sergeant will save approximately \$7,785.

Cost Savings: \$7,785

The reduction of two sergeants to patrolmen will save approximately \$15,570.

Cost Savings: \$15,570

The reduction of 10 entry level police officers with a direct position value including training costs (\$61,661 + uniform \$900 + Kelly Time \$665 = \$63,226) will save a total of approximately, \$632,260.

Cost Savings: \$632,260

The team further recommends that the city hire 10 additional special law enforcement personnel for the seasonal population for a total value added cost of approximately \$48,176.

Value Added Expense: \$48,176

The Ocean City Police Department performs as a cohesive and effective law enforcement agency. They are committed to providing the highest quality of professional law enforcement service to the community with the goal of enhancing the quality of life within Ocean City.

There are some areas, however, where additional improvements can be made to increase the effectiveness, efficiency and performance of the individuals of the police department as these individuals face the challenges of the law enforcement environment. The Ocean City Police Department possesses the structure to perform the essential functions efficiently and effectively given the fiscal restraints in today's age to do more with less.

The team's study consisted of numerous sight visits by the team, including in-depth interviews with the police administration, unit supervisors, and other selected police and civilian personnel. In addition, the team viewed other police operations. On some occasions the team toured with the uniformed personnel. Workload and other department data were requested and provided by the department staff in a timely fashion.

Mission Statement

A "mission statement" is a broad organizational goal, based on planning premises, which justifies an organizational existence. A mission statement is a relatively permanent part of an organization's identity and can do much to unify and motivate its members. While the team was conducting its review, the police administration developed and issued a mission statement.

Recommendation:

The team recommends that the mission statement policy be disseminated to all of the rank and file advising all police and civilian personnel to familiarize themselves with the documentation.

Patrol

Approximately 70% of the police officers assigned to the rank and file work in general patrol. The other 30% work in specialized units or in the police administration. While the team was reviewing the rank file structure and participating in the patrol functions, we observed police officers presently working in areas where civilians may be utilized. The team's proposed table of organization would provide adequate police officers to the general patrol functions.

The city should consider eliminating the position of a patrolman assigned detective, in charge of the computer crimes unit. The person serving in this position is also currently acting in the capacity of assistant to the director of public safety as well as the city computer systems administrator.

Recommendation:

Reassign the patrolman assigned detective in charge of computer crimes to the full-time civilian position as the city computer systems administrator referenced elsewhere in this report. No financial adjustment would result since it is anticipated that the person would retain current salary and benefit level.

Eliminate the first line uniformed supervisors that work the reception desk during the off-season period.

(Due to the seasonal population during the summer period, an administrative sergeant and/or a uniformed class one special police officer may assume these duties.)

Supervisor practices regarding the unity of command is not evident in the patrol division with two sergeants working on the same shift. The present table of organization exhibits that all of the shifts are staffed by two sergeants. One sergeant is directed as road supervisor and the other designated as desk officer for dispatch, reception for the desk area and motor vehicle look-ups. The team observes this practice as a problem for the subordinates, who are receiving direction from two of the same ranking officers. The extra sergeants should be eliminated. The lieutenant would be designated as the watch or tour commander for the desk operations; civilian dispatchers are available to handle any complaints from residents who visit headquarters for various reasons.

Recommendation:

The team recommends that the city reevaluate the existing table of organization and make adjustments that will result in the more appropriate and efficient use of supervisory personnel.

Beat Patrol Analysis

The team performed a workload analysis to determine the minimum number of police officers required to perform patrol duties. In 1998, a program was implemented where there are two shifts utilizing a 12-hour tour of duty. Six police officers are assigned to the day shift and six police officers are assigned to the evening shift. All of the other police officers that work in specialized units or for the police administration work a 5-2 schedule, i.e., five days on and two days off. When one deducts the actual training and leave time taken from 2,110 possible hours in the patrol division, the remainder is the police officer's availability time. Using the time and attendance records that were provided by the police division, the team computed the police officer availability in the patrol division to be 1,696 hours per year.

The police division received approximately 28,733 calls for service. Calls for Service (CFS) are generally accepted to be an action that requires a patrol unit response to an incident, such as a motor vehicle accident, and/or officer-

initiated calls such as a motor vehicle stop. These types of activities, collectively, constitute the patrol workload for the department. The International Association of Chiefs of Police (IACP) has created a formula that is used to measure the staffing limits based on the CFS. Ocean City has calculated the actual time consumed by the patrol unit to be 30 minutes from the time a unit is dispatched, or call is initiated until the time the police unit clears from the incident. Based upon statistics provided the division consumed 14,366 hours of patrol officers' time on CFS. Applying a factor of three required by IACP to allow for administrative time, to the 28,733 CFS at the average of 30 minutes per call would result in a total of 43,099 staff hours. By dividing the available hours per year for a patrol person by the total number of hours required results in the number of officers required. It should be noted that the calculations referred to do not represent any fixed patrols such as walking posts, bicycle beats, boardwalk security, detective personnel, and specialized traffic personnel.

During the review, the team actually participated in the patrol practices with the patrol officers on numerous occasions, and found that the patrol units spent a considerable amount of time on high visibility patrol.

Since Ocean City is a seasonal community, and the population drops to approximately 18,000 for a period of about eight months, minimum-staffing levels may be dropped to four police officers on the day tour and six police officers on the evening tour of duty. The team feels that 10 police officers are sufficient for this period of time.

While the team was making their inquiry regarding these factors pertaining to the Computer Aided Dispatch (CAD), the police administration was examining a new CAD system. The new system will increase report accuracy of police personnel on the road. In addition to road time, it will allow the police officers to prepare their report in the field, thus eliminating the time spent at headquarters completing report.

Schedule

The 42 police officers assigned to the general patrol force are presently scheduled to work 2,110 hours per calendar year. This schedule was implemented in 1998 when the city ratified a new work schedule. Upon ratification of this schedule these officers receive additional compensation for 110 hours annually. This additional compensation, however, could be avoided by utilization of what is commonly referred to as a mandatory "Duty Day Program" (D-Day). This is simply planned extra time off scheduled during a 28-day cycle that is designated to compensate the officer for the time involved.

The team feels that the city should visit this schedule issue and establish a "D Day Program" to reduce excess hours that the city is now compensating the police officers for. The "D Day" policy will create a combined cost savings and productivity enhancement to the city of 110 hours per year for each of the 42 police officers at an average hourly rate of \$25.

The police administration is presently utilizing half the time as compensatory time and the other half at a monetary value. According to the present policy, the compensatory time that accrues must be used by March of the following year. While there are some similarities between the city's current program and the "Duty Day Program," the team feels that the city would be better served by using the one recommended by the team.

Recommendations:

The team recommends that all police personnel work a 2,080 hours (40 hours per week average) annual schedule.

We further recommend the inclusion of a mandatory "Duty Day Program" that will insure compliance with the Federal Labor Standards Act (F.L.S.A.), and municipal legal counsel review regarding compliance with N.J.S.A. 40A:14-132.

**Potential Productivity Enhancement: \$57,750
Potential Cost Savings: \$57,750**

Facilities

Police headquarters is located in the public safety building at 835 Central Avenue. The public safety building is a three story brick building constructed in about 1909. Originally used as a public school, this building has been renovated numerous times in order to accommodate its present use. The police division occupies the first two floors of this building, with the municipal court occupying the third floor.

On the first floor of the public safety building is the booking area, individual holding cells for males and females, juvenile holding rooms, evidence room, male and female locker rooms, a weight room and a roll call room. The second floor consists of office space for the police administration, central dispatch, the detective bureau, police records and the code compliance office.

Overall, the police facility appeared to be clean and reasonably well-maintained. Recent renovation work included the installation of a keyless security system, video surveillance equipment along with the construction of a separate prisoner entrance. The facility is secured with restricted access and video surveillance of critical sections of the building like the booking area and the cellblock. There appears to be adequate space in the facility to handle the various police functions, though it was indicated to the team that space is at a premium during the summer. Additionally, police officials indicated that holding space for prisoners is sufficient and private space to conduct confidential interviews and interrogations is adequate. Police officials stated that any reasonable request for resources is usually satisfied in a timely manner.

The team commends the city for realizing the importance of having a police facility that provides adequate work space for personnel, sufficient and appropriate resources required to properly accomplish their work, and a safe and secure work environment.

The police also have a small substation located on the boardwalk at the music pier. This substation is primarily open during the summer months and consists of a single room, which provides office space needed for police officers assigned boardwalk patrol duties. Police officials emphasized the importance of having a presence on the boardwalk during the summer months and the need to have some space directly on the boardwalk to accommodate staff. The team noticed that the substation was poorly marked and somewhat difficult to find, especially if you are not familiar with the area. The team feels there is a need to increase the visibility of this police substation on the boardwalk, along with posting hours of operation.

Recommendation:

The team recommends that the city install appropriate signage to increase the visibility of the boardwalk police substation. In addition, hours that the substation is opened should be clearly posted, along with a phone number to call when the substation is closed.

The police also operate a pistol shooting range, for police staff, located at 46th Street. This facility consists of a small wooden frame two-story building along with ample open space needed for firing weapons. A large pile of soil provides the backstop for this range. The maintenance and upkeep of this facility is marginal. The team understands the rationale in having such a facility, however, the team does feel that additional attention should be given to proper care of this municipal facility. Ground maintenance along with periodic building cleaning and upkeep should be scheduled accordingly. In addition, it is important for police staff to thoroughly inspect the facility and surrounding grounds for any unspent shells that could represent a hazard to public works crews working at the range. Also, periodic and documented safety inspections of the dirt backstop should be conducted to insure the backstop is in an acceptable condition to provide adequate protection.

Recommendations:

The team recommends that the police shooting range be properly maintained and cared for just like any other city facility. This would include scheduled maintenance and upkeep of the building and surrounding grounds.

The team recommends that the police thoroughly inspect the facility for any unspent shells and to collect all spent shells. These metal shells represent hazards to public work crews who are working at the facility.

The team recommends that the dirt backstop be frequently inspected to insure that it provides adequate protection and stopping ability. These safety inspections should be well-documented.

Notwithstanding the above, should an alternate location off the island be available where several agencies could share the cost, maintenance, and use, the city should pursue that location as an alternative. This has been accomplished in several areas with the county acting as the catalyst.

Crossing Guards

There are a total of five civilian crossing guards assigned to the police division. Four of the crossing guards are permanently assigned to a location while the fifth guard serves as a substitute. The sergeant in charge of the traffic safety unit supervises these crossing guards. These guards provide assistance to children in crossing various streets surrounding the primary and intermediate public schools, in addition to the one parochial school located in Ocean City. The crossing guards work a split shift each day school is in session. The split shift schedule allows the crossing guards to be present to assist the children when they arrive for school in the morning and when they leave school in the afternoon. The city supplies each crossing guard with a uniform, foul weather gear, and a hand-held traffic control sign.

During the summer months, the crossing guards do not work since school is not in session. While interviewing police officials, the team discovered that the city was experiencing difficulty in hiring sufficient numbers of seasonal parking enforcement officers. Parking enforcement officers are assigned the responsibility of enforcing various parking regulations, however, the majority of their workday is spent on parking meter enforcement. The team felt that the crossing guards could provide enforcement coverage during those time periods in which parking enforcement officers were not available. This additional parking enforcement coverage provided by the crossing guards could be especially beneficial during the spring and fall "shoulder season" when large crowds are still present but seasonal staffing levels are drastically reduced.

Recommendation:

The team recommends that the existing crossing guards be utilized as parking enforcement officers (PEO) in order to provide comprehensive parking enforcement. The crossing guards would not replace the seasonal parking enforcement officers, but rather supplement these seasonal employees when consistent coverage cannot be realized. The crossing guards could be scheduled during known time periods when parking enforcement officers are not available and coverage would be lacking.

A review of city records indicated that the crossing guards are considered to be permanent part-time employees of the city. The crossing guards are part of the Communication Workers of America (CWA) bargaining unit. According to the labor contract, crossing guards are the only part-time employees in this bargaining unit that receive comprehensive health care coverage. The only other part-time employee of the city to receive health care coverage is the city prosecutor, who is covered by a professional service contract. The city should strive for consistency and uniformity with respect to health care benefits for part-time employees.

Recommendation:

The team recommends that consideration be given to eliminating health care coverage for the part-time crossing guards. The city should seek consistency in the manner in which health care benefits are given to all part-time employees.

Alarms

The police department currently issues warning notices or a summons to the residents and commercial establishments who violate the present alarm ordinance. This summons is then answerable in the municipal court. This presents problems to the city in the form of court time, and police overtime as a police officer must appear to testify in court

for the alleged ordinance violation. The city could adopt an amendment to the present ordinance where N.J.S.A. 2A:58-10 et. seq. would cover the action involving the alarm activity. The provisions of N.J.S.A. 2A:58-10 et. seq. provide that courts hearing actions brought pursuant to the aforementioned statute are to do so in a summary manner without trial by jury. These provisions also require that courts conducting proceedings pursuant to that statute hear testimony presented by witnesses regarding any factual issues. As a consequence, to the extent that factual disputes may exist as to whether there has been noncompliance with the provisions of an alarm ordinance adopted for the purpose of authorizing the use of the procedures set forth in N.J.S.A. 2A:58-10 et. seq., members of the municipal police department may be required to appear and testify in such proceedings. Notwithstanding the aforementioned, it is the opinion of the team that police officers' time spent in court regarding these matters will be reduced by the utilization of the provisions allowed.

It was related to the team from a private central station vendor that they are aware of approximately 2,500 alarms installed in dwellings within the community. In 1998, the police department responded to 1,442 alarms. The police officers spend an average of 2.25 minutes on each alarm, which equals a total of 3,244.5 hours. This calculates to \$81,111 annually on alarm call costs. If false alarms could be reduced by only 20% this would equal a productivity enhancement of \$16,200.

Recommendation:

Take steps to reduce false alarms by 20%, which will result in an enhancement of productivity of approximately \$16,200.

Productivity Enhancement: \$16,200

In addition to the police officers' productivity enhancement, 25% (\$9,400) of the civilian clerks salary is dedicated to the alarm ordinance.

Recommendations:

The team recommends that the city explore the feasibility of adopting an amendment to the present alarm ordinance.

The city should establish an annual fee of \$15 to connect and register each alarm within the community. This registration will also provide the city with a means of contacting the owner of the property should the need arise which is difficult, at best, under the current situation. This will create an annual revenue stream to cover costs incurred in this area.

Revenue Enhancement: \$25,000

Uniforms

According to the existing labor agreement, sworn police officers are entitled to receive a uniform allowance of \$900 per year. This annual allowance is to be used for cleaning and maintaining police uniforms. An allowance of \$900 per year equates to \$75 per month for uniform cleaning. Clothing that is damaged or worn out is replaced by the city at no cost to the officer. With a clothing replacement policy in place, the team feels that a cleaning allowance of \$900 per year is excessive and consideration should be given during the next round of contract negotiations to reduce this allowance allotment.

Recommendation:

The team recommends that a smaller clothing allowance be considered during the next round of labor contract negotiations. The team feels that an annual clothing allotment of approximately \$300 per year is appropriate for proper cleaning and maintenance of police uniforms. This equates to \$25 per month for uniform cleaning expenses. These proposed clothing allowance values are contingent on the existing clothing replacement policy remaining in place. The formula for savings is as follows: \$900 - \$300 = \$600 x 66 PBA Sworn Officers = \$39,600.

Potential Cost Savings: \$39,600

According to the current labor agreement, public safety dispatchers are entitled to receive a clothing allowance of \$650 per year. This annual allowance is to be used for cleaning and maintaining their public safety uniforms. An allowance of \$650 per year equates to roughly \$54 per month for uniform cleaning. The team feels that a cleaning allowance of \$650 per year is excessive and consideration should be given during the next round of contract negotiations to reduce this allowance.

Recommendation:

The team recommends that a smaller clothing allowance be considered during the next round of labor contract negotiations. The team feels that an annual clothing allowance of approximately \$300 per year is appropriate for the proper cleaning and maintenance of uniforms. This equates to \$25 per month for uniform cleaning expense. The formula for savings is as follows: $\$650 - \$300 = \$350 \times 12$ CWA dispatchers.

Potential Cost Savings: \$4,200

Parking Enforcement/Meters

Parking enforcement is an integral part of traffic control to the city. The enforcement of the parking meters is usually handled by parking enforcement officers during the summer season. During the off peak period, regular police officers provide this service.

The city operates approximately 1,701 parking meters both on the street and in the off-street parking lots. The parking meters receive nickel, dime and quarter denominations.

In 1998, the city collected \$725,303 from all of the daily parking meters. The 5th Street lot was responsible for \$166,000. This amounts to \$329 annually for each parking meter. There are 737 parking meters that are utilized as 5- and 10-cent meters. Increasing the denomination on the 5- and 10-cent meters to 25 cents and creating a Parking Enforcement Officer Program (PEO) should increase revenue. Assuming that the city adopted a revised ordinance for quarter denominations, the city would conservatively realize 50% in additional revenues in these 5- and 10-cent meters of approximately \$121,236 annually.

Recommendations:

Increase the price on the 5-cent and 10-cent meters to 25 cents. This should enhance revenues by \$121,236.

Revenue Enhancement: \$121,236

In addition, the city should consider the feasibility of extending the use of the parking meters for an extra month on each end of the existing parking ordinance, adding April and November. This will provide the city with additional revenues and enforcement capabilities. However, the team also recognizes that the monthly income would, in all likelihood, be substantially less than the average revenue when you take the summer months into consideration. Therefore, we will conservatively estimate the revenue to be one-third the average in order to not overestimate the potential revenue increase.

Revenue Enhancement: \$61,000

During the summer months, civilian parking violation officers are responsible for daily meter parking enforcement (May 1st to October 31st). These individuals presently utilize a summons book for the issuing of summonses. The Administrative Office of the Courts (AOC) has a device that is available to assist these parking violation officers with the issuing of the summons. In addition to assisting the enforcement, this device may reduce clerical work in the court-generated summons. This device also accurately tracks the productivity of the parking violation officer in the field. This system communicates directly with the State of NJ Court Automated Traffic

System providing an electronic record of each summons issued. The team observed this type of system in operation in other communities and the system makes the preparation of a summons less cumbersome.

Recommendation:

The team recommends that the city explore the feasibility of utilizing this device, by passing a resolution with the governing body and filing an application with the AOC for this program.

Community Policing

While reviewing the department, we found that the city had a very effective community-policing unit that consisted of four officers and a lieutenant. They handled various “community-policing” duties. They utilize bicycles and patrol cars, and walk depending on the assignment. The city uses bicycle officers as a part of its boardwalk coverage. An effective community-policing program has had a significant effect in certain portions of the community where we were informed that the bike patrol officers and community-policing officers increased the feeling of security in those neighborhoods. Bicycle policing can be an effective tool for police departments and can be used in an efficient manner.

Recommendation:

The city should consider the reassignment of these personnel from time to time to traffic/quality of life issues that will enhance and include the “community-policing” functions. We recommend that this unit be retained and be scheduled to work covering the day to early evening hours. They can also be used, when needed, to support the patrol squads. They can use bicycles, cars, and foot patrol depending on the assignment.

Traffic Safety Unit

The traffic safety unit is commanded by a sergeant and is comprised of four uniformed officers assigned to traffic safety, which generally consists of speed enforcement duty, and accident reporting, and investigation. In addition to the law enforcement element of this unit, there is also a maintenance element consisting of six civilian employees. The maintenance element of the traffic safety unit is responsible for the upkeep of all traffic marking and signs, in addition to maintaining the city’s inventory of parking meters. The 1998 cost of the traffic safety unit is presented below.

	Number of Employees	Direct Position Value	Other Operating Expense
Law Enforcement Element	5	\$381,095	\$5,000
Traffic Maintenance Element	6	\$338,826	\$31,350
Totals for 1998		\$719,921	\$36,350

The four sworn police officers assigned to the traffic safety unit provide coverage seven days a week. Their primary work assignment is to perform radar duties in predetermined target areas of the community. For the speed enforcement work, the officers utilize three marked police vehicles that have radar units installed. These three police vehicles are the only vehicles in the police fleet that have radar units. Routine patrol vehicles do not have radar units and generally patrol officers are not assigned traffic safety or control-related duties. Patrol officers will provide assistance to traffic safety unit personnel if there are multiple traffic safety incidents. Traffic safety units are the primary responders to any reported motor vehicle accident. As a result of their speed enforcement work, traffic

safety personnel have considerable contact with the travelling public. Standard radio procedures have traffic safety officers contact central communications with a description of the vehicle pulled over along with the number and a description of the occupants in the vehicle. As an additional measure of protection for both the police officer and the general public, the team feels that the three traffic safety units should be equipped with a video camera so that the incident can be captured on video. These cameras would be activated when the vehicle's light bar is used. Having the ability to access a video record of the incident might prove to be beneficial in case any questions or concerns arise as a result of the incident. The team has determined that the costs of these units are approximately \$4,000 each.

Recommendation:

The team recommends that the police install digital video-recording equipment in the three traffic safety units. These units would be activated whenever the overhead light bar is used.

One-time Value Added Expense: \$12,000

In addition to providing speed enforcement and accident investigation work, the traffic safety unit is responsible for monitoring traffic flow around road construction sites. The traffic safety unit approves all plans for road detours, as a result of construction work. Traffic safety personnel will provide on-site inspection of the traffic control devices set up to safely direct traffic flow around the construction site. During the review, the team observed numerous sites where major construction projects required traffic to be diverted. It appeared to the team that there was a lack of oversight of these areas by the city. Many of these construction sites lacked appropriate types and sufficient number of traffic control devices needed to properly caution traffic of the pending diversion and to safely direct them through the impacted area. Also, the team noticed the conditions of many roads affected by construction work were maintained in less than an acceptable condition during the construction process. The team witnessed several times during the review, road construction sites where hazardous road surface conditions were allowed to exist during the course of the construction.

Recommendations:

The team recommends that the traffic safety unit monitor all construction sites that impact traffic flow on municipal streets to insure that traffic control devices are properly placed in accordance with the approved traffic control plan and/or NJDOT standards.

The team recommends that the traffic safety unit, in conjunction with the department of public works, insures that road surface conditions are maintained to acceptable standards.

The traffic safety unit also manages the drunk-driving enforcement grant. One of the marked patrol vehicles used by the traffic safety unit was purchased with funding provided by this state grant. In order to secure this financial assistance, certain grant requirements must be satisfied in a timely manner. One of these requirements is to perform periodic roadside checks in order to detect drunk drivers. Apparently, this requirement was not being satisfied until an audit was performed by the State Division of Law. As a result of the audit findings, roadside checkpoints for impaired drivers are being performed in accordance with the requirements of the state grant. Also, the traffic safety unit will represent the city at various meetings when traffic control and flow issues are discussed.

Recommendation:

The team recommends that the traffic safety unit take a proactive approach to grant management and become familiar with the requirements of grants that they are responsible to administer.

Besides the law enforcement aspect, the traffic safety unit manages a maintenance element that is responsible for the care and upkeep of all traffic signs, striping and painting of traffic control and road channelization markings. Also, this unit will handle work associated with placing signs on the boardwalk, and the beach, in addition to providing striping work on all city-owned parking lots. An individual assigned to this unit also performs maintenance of the city's parking meter inventory. A total of six civilian workers perform this maintenance and repair-oriented type of work. Oversight of this civilian workforce is assigned to the police sergeant who manages the traffic safety unit. The team feels that a sworn police officer should not be responsible for supervising civilian workers who essentially are performing maintenance functions. The team believes that time spent by the sergeant in supervising civilian maintenance workers can be better utilized dealing with traffic safety issues that have a direct impact on the well-being and safety of the travelling public. Additionally, it should be noted that the sergeant is also responsible for supervising the crossing guards and the seasonal parking enforcement officers. The team discusses these two operations in different sections of this report.

Recommendations:

The team recommends that the traffic maintenance element of the traffic safety unit be transferred to the department of public works. Maintenance of the city's infrastructure, including traffic markings and signs, should be under the control of the department of public works.

The team recommends that the individuals in the traffic maintenance unit obtain NJDOT certification in traffic control markings and signals. This will eliminate the need of a sworn police sergeant to supervise this type of work, which can be handled by properly trained civilian employees.

During the course of the review, the team was informed that out of the 43 signaled intersections under municipal control, 17 are not approved by NJDOT. Also, the team was informed that, at times, there is confusion over exactly who is responsible for obtaining certification for signaled municipal intersections. Apparently, the city administration did not clearly designate the office responsible to accomplish this work. This lack of clear direction from the city's administration left an accountability vacuum that has allowed these signaled intersections to remain uncertified for an extended period of time.

Recommendations:

The team recommends that the city take the necessary steps to have the 17 traffic signals certified by NJDOT.

The team recommends that the administration clearly assign traffic signal certification work to the traffic safety unit. As previously recommended, being relieved of the supervision of the traffic maintenance unit, the sergeant will have ample time needed to properly complete assignments.

For the past several years, the city has participated in an interlocal agreement with the Borough of Avalon. This interlocal agreement allows Avalon to use the Ocean City traffic maintenance unit for approximately one month in the spring. Part of the Ocean City traffic maintenance crew travels to Avalon and performs traffic striping and lining work. In exchange, Ocean City gets to use Avalon's beach equipment during the fall and the spring.

The team endorses this type of shared service arrangement and encourages Ocean City to seek other possible situations with neighboring communities in which governmental resources can be shared. The team suggests the city explore the feasibility of utilizing the Regional Efficiency Assistance Program (REAP) and Regional Efficiency

Development Incentive Program (REDI) funding to fully evaluate the feasibility of instituting additional shared services programs.

Marine Police

In response to the dramatic increase in the recreational use of the back bay areas of Ocean City by personal watercraft, a marine police unit was established by the city in 1994. This specialized law enforcement unit was created to supplement and enhance patrol work already being performed by the New Jersey State Police and the United States Coast Guard. The marine police unit is a seasonal operation that historically runs from Memorial Day to Labor Day. Marine police personnel indicated that they usually work a Thursday through Monday schedule that allows them to be on duty during the busy summer weekends. Exact hours of patrol are contingent upon both weather and tidal conditions. The marine police unit operates out of the Bayside Center.

In 1998, the Ocean City Marine Police responded to 40 calls for assistance, performed 68 vessel inspections, and issued 196 summonses. Many of the summonses issued were given to operators of personal watercraft for wake violations caused by excessive speed. According to marine police personnel, much of their patrol time is dedicated to oversight and control of the many personal watercrafts operating in the back bays of Ocean City. For comparison purposes, the team reviewed the 1998 statistics of the marine unit of the New Jersey State Police. In 1998, the state police marine unit issued a total of 795 summonses.

For 1998, staffing of the marine police unit consisted of three police officers. A lieutenant manages the unit and is assisted by two seasonal police officers. Police officials were unable to provide the team with exact cost figures for the marine police unit. However, based on a review of city records coupled with information received from police officials, the team estimates that the cost of salary and wages for the marine police unit for 1998 was approximately \$30,000. The team estimates other operating expenses of the unit, such as fuel and boat maintenance, to be about \$10,000. Therefore, for 1998, the total cost of operating the marine police unit was approximately \$40,000.

For the summer of 1999, police officials were examining the possibility of making staffing changes in the marine police unit in order to reduce the cost of its operation. Under consideration was removing the lieutenant from the unit and utilizing a patrol officer as the unit supervisor. This patrol officer would be assisted by two seasonal police officers. The team encourages this type of internal examination and commends the police for performing this assessment. Also, the team believes that since this is a seasonal operation, it should be staffed with seasonal employees with supervision coming from a full-time police officer. By relieving the lieutenant of marine police duties, the cost of this seasonal operation be reduced, and the lieutenant can be returned to general police related activities. It should be noted that all individuals assigned to the marine police unit receive extensive training in water safety and boating regulations.

The team commends the city for recognizing the need for a greater law enforcement presence in the back bay area and for addressing this need by establishing the marine police unit. Even though this is a highly specialized law enforcement unit, the team acknowledges its value to the community and the role it plays in promoting safe boating practices. The team encourages the city to continue to coordinate patrol efforts with the New Jersey State Police and the United States Coast Guard.

The team commends police officials for considering staffing changes that would reduce the cost of this seasonal operation while maintaining the effectiveness of the unit. In addition, the team commends the efforts of police officials to keep ranking officers assigned to general patrol duties.

The team commends police officials in affording the opportunity for individuals assigned to the marine police unit to receive extensive training in water safety and boating regulations. The team encourages officials to continue with this beneficial practice.

In addition to law enforcement work and patrol duties, consideration should be given to increasing the involvement of the unit in conducting educational programs in safe boating practices. During the time of the review, the unit engaged in very limited community outreach. This educational outreach program should be coordinated by the full-time police officer assigned to the marine unit. Assistance should be obtained from the United States Coast Guard and the New Jersey State Police. In addition, the city should seek the cooperation and support of the marinas not only in Ocean City, but those marinas in neighboring communities of Somers Point and Upper Township. Attention should be given to programs that emphasize the importance of the proper handling and safe operation of personal watercraft.

Recommendation:

The team recommends that the marine police develop a comprehensive community outreach program that educates the public in water safety and safe boating practices. Target audiences for this educational program should be the customers who rent personal watercraft from the marinas in Ocean City and the neighboring communities of Somers Point and Upper Township. The city should seek the assistance and cooperation of the United States Coast Guard, United States Power Squadron and the New Jersey State Police in developing and implementing this safe boating educational program.

Detective & Juvenile Unit

A detective sergeant who supervises a total of seven detectives commands the detective unit within the police division. One detective is permanently assigned to work with the juvenile population while a second detective is assigned to the director of public safety. Also, during the course of the review, a third detective was on extended leave as a result of a gunshot injury that occurred off duty. This left a total of four detectives available for general investigative work. For 1998, the total direct position cost of the eight positions assigned to the detective unit was approximately \$480,000. Other operating costs are incorporated into the overall police division budget and are estimated by the team to be approximately \$10,000. This would not include funds utilized to compensate informants for their services.

The primary responsibility of the detective unit is to conduct follow up investigations of reported crimes and to initiate the investigations of major crimes. Additionally, the detective unit provides assistance to the fire division in local arson investigations. The detective sergeant is responsible for assigning casework to the detectives. The number of cases assigned to any one detective varies since factors like type of crime and solvability determine the amount of effort that is needed to properly handle the case. The team was informed that the chief of police and the detective sergeant have established parameters that are utilized to determine the amount of police resources to be expended in performing investigative work.

Workload figures for detectives can be very subjective and prone to misinterpretation if a fair comparison is not made. In order to determine the effectiveness of detective related work, consideration must be given to the demographics of the community, and the number of officers dedicated to detective work, and the reported crime index for the community. Based on information obtained from police officials, it does appear that Ocean City's clearance rate is well above that of Cape May County and the State of New Jersey. According to police statistics, the clearance rate for Ocean City is 31%, well above the county and state clearance rates of 20% and 21%, respectively. Also for 1998, Ocean City carried a caseload ratio of 144 crimes per detective. The manner in which detective work is handled in Ocean City is unique, but appears to be very effective. Detectives are assigned specific assignments daily, while held accountable for monitoring specific crime trends in the community.

The team commends police officials for instituting an effective command structure within the detective unit, in addition to committing sufficient resources to handle the related caseload. Also, the team recognizes the exceptional clearance rates being achieved by the detective unit.

An individual from the detective unit is permanently assigned to handle the juvenile population of the community. During the past couple of years, it was reported to the team that two veteran detectives who handled the juvenile

population retired from the force. During the review, a patrol officer was assigned responsibility of the juvenile unit. Though new to this aspect of police work, this individual appears to possess the drive and motivation needed to address the unique and special needs of juveniles. For a number of years, the city has maintained a type of juvenile community work program. Juveniles who encounter minor difficulty with the law are most likely assigned, as a type of punishment, to a work detail with the juvenile officer. This work includes cleaning municipal vehicles and city-owned properties, such as playgrounds and streets. In addition, the juvenile officer has established an informational network between the local schools and the youth of the community.

It was related to the team that police officials could do a better job in letting other city offices know of the availability of juvenile work crews. Many city offices have routine work that could be performed by the juveniles if their availability was known by other city agencies. With proper coordination and scheduling by the juvenile unit, individuals could be made available and the city would realize a productivity enhancement.

The team commends police officials in devoting resources to support such a comprehensive juvenile program. The team is encouraged by the assignment of an officer to this program, who with his youthful energy and motivation will enhance the effectiveness of this program.

Recommendation:

The team recommends that police officials heighten the awareness of other city offices of the possible services offered by the juvenile unit. Proper coordination with other city offices in scheduling routine work for the juvenile unit will permit normally unavailable municipal resources to be effectively utilized to accomplish other tasks.

Police Terminal Leave

A review of city records for a four-year period from 1995 to 1998 indicated a wide range in the amount of terminal leave payments granted to individuals within the police division. These terminal leave packages ranged from a low of \$7,000 to a high of \$110,000. The team has concerns regarding the city allowing terminal leave payments in excess of the state maximum payout figure of \$15,000. Excessive terminal leave payments could have an adverse impact on the municipal operating budget. It should be noted that the team observed a practice in Ocean City of taking terminal leave payments, especially the larger payouts, and spreading them over several years. There is no doubt that this practice stabilizes the terminal leave budget line item or account. However, the team believes that this practice could be misleading, in that it could give the impression that terminal leave payments are much smaller than they actually are, since they are being spread out over several years.

The team was also surprised to discover that the governing body was not provided information regarding terminal leave payments. During the annual budget process, the governing body is made aware of the number of pending retirements, but not provided any additional detail. The team feels that the governing body is entitled to receive detailed information regarding who is retiring, when they plan to retire, and the amount of the terminal leave payment. Full disclosure of all terminal leave payments should be made available to members of the governing body.

Recommendations:

The team recommends that the city be consistent with the state and establish a maximum terminal leave payment of \$15,000 per employee. While the team is not specifying a saving that the taxpayer would realize here because it would obviously fluctuate greatly depending upon the number of retirees in any given year, it is safe to say that given the high payment the team discovered of \$110,000, the taxpayer would have saved \$95,000 on that retirement alone.

The team recommends that as part of the annual municipal budget process, the city's administration fully disclose to the governing body all anticipated retirements along with estimated terminal leave payments.

Communications Unit/Dispatchers

The police division handles all dispatching duties for the department of public safety. This includes dispatching for police, fire, and emergency medical services. The central dispatch room is located on the second floor of the public safety building. This room is secluded from the rest of the police operation, as to reduce the possibility of outside disturbances. Included in this room are several dispatching stations capable of monitoring and communicating with all municipal radio frequencies. In addition, communication capabilities with the state police, county emergency management center, and the United States Coast Guard are possible from the city's dispatch center. Dispatching duties are handled by a combination of full-time and part-time civilian employees. Also, the central dispatch room serves as the emergency-operating center for the city during times of crisis.

The number of calls the communications unit has been handling has been steadily increasing over the past several years. As a comparison, in 1995, a total of 42,443 calls were logged. For 1998, the police received a total of 58,574 calls. This represents an increase of 16,131 (38%) over a four-year period. Police officials expect this trend to continue for the foreseeable future.

Staffing

As previously indicated, central communications is staffed by a combination of full-time and part-time civilian employees. At the time of the review, some changes were occurring in police personnel that directly impacted supervision of the communications unit. As a result of these changes, a sergeant now supervises dispatchers working in communications. This sergeant is also responsible for managing all police training. Civilian employees primarily handle dispatching duties. According to city records, in 1999 a total of five full-time dispatchers supplemented by eight part-time dispatchers worked in central communications. The total position cost of all dispatchers during 1998 was \$250,000. Determining other operating cost for central communications is difficult since it is part of the overall police budget. The team recognizes there is a cost associated with maintenance of the radio equipment along with upkeep of the police CAD system. It should be noted that the team was impressed with the central communications room. The equipment appeared to be well-maintained and the room is nicely designed.

During the review, the team observed sworn police officers performing dispatch duties. When police officials were questioned regarding the presence of uniformed officers performing dispatching duties, the following explanations were offered:

1. Covering for last minute, unexpected absences (sick) of civilian employees.
2. Providing temporary coverage for a civilian employee on meal breaks.
3. Staffing dispatch as a result of a civilian employee on scheduled leave (vacation).
4. Providing coverage needed as a result of position vacancies.

While the team recognizes that there may be some extraordinary situations where a sworn officer will have to perform dispatching duties, an attempt should be made to minimize this type of

situation. The team feels that sworn officers should be directly engaged in law enforcement work and not performing functions that are easily handled by civilians. The team was encouraged to learn that the city was attempting to create a pool of part-time dispatchers to supplement its dispatch staff. It is important to note that all dispatchers must receive training prior to the commencement of their employment. This requirement does add to the difficulty in finding qualified candidates.

Recommendation:

The team recommends that the city continue with the creation of a labor pool of civilian dispatchers to be utilized to handle staffing shortages in the communication unit.

Interlocal Agreement

In 1997, Ocean City entered into an interlocal agreement with neighboring Upper Township for public safety answering and dispatching services. This five-year agreement stipulates that Ocean City will supply around-the-clock central dispatch and communications services for Upper Township fire, emergency medical, and rescue personnel. Also, this would include police transfer dispatch for the New Jersey State Police who patrol Upper Township. In consideration of these services, Upper Township will pay Ocean City a predetermined annual amount, which escalates over the five-year contract period. For 1998, Upper Township paid Ocean City \$115,000 for these dispatching services. Also, Upper Township was responsible for the initial acquisition of equipment needed to accommodate their dispatching services. Upper Township is also responsible for a prorated amount of maintenance and upkeep cost of the communication equipment. It should be noted that Upper Township retains ownership of the needed equipment.

The team commends both Ocean City and Upper Township for entering into this interlocal agreement. The team encourages the city to explore any other possible areas in which governmental resources can be consolidated or shared. The team suggests that the city investigate the feasibility of utilizing the REAP and REDI funding available through NJDCA, and fully evaluate the feasibility of instituting additional shared services.

Recommendation:

The team recommends that both Ocean City and Upper Township file an application with NJDCA to seek any property tax credits resulting from REAP and REDI programs.

Towing and Vehicle Storage

The city owns and operates a vehicle storage and impound facility located at the Shelter Road Recycling Complex. This is a secured area with access gained through the police division. Management of this area falls under the control of the staff services unit within the police division. The police captain who supervises this unit is directly involved in handling this operation. According to the captain, oversight of this function is one of the few remaining duties that he still actually performs. To assist the captain in handling this work, a part-time employee was hired. This part-time employee was a former police detective who retired from the force and then was hired back by the city as a permanent, part-time employee and classified as an "identification officer". It was difficult for the team to determine exactly what percentage of the captain's time was devoted to towing and vehicle storage responsibilities. The direct position value of the captain for 1998 was \$94,094, with the total position value for the part-time identification officer being \$12,517. Other operating cost of this unit is minimal.

It was represented to the team that in 1998, the police collected a total of \$14,444 in impound yard vehicle storage fees. This was down when compared to the 1997 and 1996 figure of \$15,977 for each year. The existing municipal fee ordinance permits a \$15 per day charge for vehicles stored at the city's impound facility.

Recommendation:

The team recommends that the city examine and evaluate the manner in which the police currently manage the administrative function of the impound facility. The team feels that a police captain should not be directly involved with work associated with operating the impound yard, such as counting routine cash receipts. The captain could provide oversight of this function with the part-time identification officer handling routine daily administrative work.

The city maintains a current contract with a private towing vendor that provides light duty towing services for the city. Officials indicated that the city does not provide any towing services, whether it is for municipal or privately owned vehicles. Records were reviewed by the team, which indicated the city executed a contract with a local vendor to provide light duty towing services. The specifications for this contract were comprehensive and the cost secured for this service was reasonable. During the review, the city exercised its option and renewed the contract for an additional 12 months.

Recommendation:

The team commends the city for developing a comprehensive set of specifications for light duty towing services. It is apparent to the team that having a detailed set of specifications contributed to the city's obtaining an exceptional cost proposal for this service.

General Order #98-04, supplemented by police division memorandum #98-29, establishes procedures and guidelines used by the police to inspect and monitor the impound yard. This general order states that, since the police are the designated custodial authority responsible for the oversight of the yard, documented routine inspections of the yard will be performed to insure protection of stored property. The memorandum defines the steps to be taken to properly account for vehicles taken to this facility. The team inspected the vehicle impound and storage area several times during the review. At all times, the team found that the yard was secured with the gate accessing the facility always locked. However, the team felt that the city could have done a better job maintaining the yard and the immediate surrounding area.

The team commends the police for restricting access to the yard and for formally adopting a general order, which establishes procedures that insure safeguarding of the yard and its contents. The team also is pleased to see an adopted procedure to properly account for vehicles taken to the yard.

Recommendation:

The team recommends that the police coordinate with the appropriate city agency to maintain the physical condition of the impound yard. This would include cleaning up trash and debris, cutting of vegetative growth, and properly maintaining the perimeter fencing.

During the inspections of the yard, it appeared that some of the vehicles in the yard had been there for a considerable period of time. When the team inquired about the frequency of public auctions, it was referred to the purchasing office. The team discovered that the purchasing office was responsible for making the necessary arrangements for the public auction of vehicles. Based on information received by the team, the city has approximately two public auctions per year for abandoned vehicles. According to city records, revenue generated from the sale of abandoned or impounded vehicles from 1996 to 1998 is presented below:

Year	Amount Collected
1996	\$3,476

1997	\$15,875
1998	\$11,165

The considerable jump in revenue during 1997 and 1998 can be linked to a more aggressive effort on the part of the purchasing office to auction abandon vehicles. The team endorses this proactive approach and encourages the city to continue with this worthwhile endeavor.

The team commends the city for realizing the importance of having timely public auctions and for taking the necessary steps to insure a sufficient number of auctions. Not only does this allow the city to properly and effectively manage the impound yard, it also generates revenue for the city.

Police Fleet

The team had an opportunity to inspect the police fleet of motorized vehicles. Police vehicles are parked inside the vehicle maintenance garage located at 10th Street and Haven Avenue. This is the same location where all police vehicles are maintained and repaired. It should be noted that it appears that marked police patrol vehicles are the only municipal motor vehicles consistently housed indoors when not in use. This no doubt contributed to the good condition of the fleet.

According to records furnished by the vehicle maintenance, the police division has a total of 34 assigned vehicles. A breakdown of these 34 vehicles according to their use or function is presented below.

13	General Patrol Vehicles (Marked)
5	Investigation Units (Unmarked)
3	Traffic Safety Units (Marked)
3	Parking Enforcement Units (Marked)
2	Alcohol Units (Marked)
2	General Staff Units (Unmarked)
1	Marine Unit (Marked)
1	Juvenile Unit (Marked)
1	Animal Control Unit (Marked)
2	Traffic Maintenance Units (Unmarked)
1	Traffic Maintenance Unit (Marked)

Of the 34 vehicles assigned to the police, 24 are marked vehicles with overhead red warning lights. Five of the vehicles have four-wheel drive capabilities, with two of these units being pick-up trucks. One vehicle is a van used to transport the juvenile work crews and one unit is a maintenance truck used by the traffic maintenance unit. During the time of the review, the police had two vehicles out of service as a result of traffic accidents. One of these vehicles was an unmarked detective unit, while the other was a marked parking enforcement unit. For insurance purposes, both of these units were considered totaled. Police officials stated that no police vehicles are taken home on a daily basis. Occasionally, permission is granted to take an unmarked vehicle home, if the individual is attending a meeting or an educational program that is out of town requiring considerable travel.

The maintenance of police vehicles along with all municipal motorized vehicles is discussed in detail under the fleet maintenance section of this report. Overall, the police fleet appears to be well-maintained, even with the absence of a comprehensive preventative maintenance program. Additionally, there are an appropriate number of vehicles required to accommodate the seasonal needs of the police. General patrol vehicles are usually used for a two-year period before being removed from service and transferred to another city agency. Detective vehicles are utilized for a long period of time, roughly five years, since they are not subject to such demanding usage. Other police vehicles, such as the four-wheel drive, vans, and pick-up trucks usually have a useful life of up to 10 years with the police division. It was indicated to the team that once a vehicle assigned to the police division reaches the end of its useful life with the police, the vehicle is then transferred to another city agency for another two to four years. Examples would be the patrol vehicles used by supervisory staff of public works and community service, detective units used by city managers, and the four-wheel drive vehicles used by the beach patrol.

As discussed in the fleet maintenance section of the report, the team feels that general patrol vehicles can be utilized for a time period greater than two years. Vehicle maintenance management indicated that police vehicles average 30,000 to 35,000 miles per year. Using the LGBR useful life benchmark of 100,000 miles for police patrol vehicles, the city could reasonably expect to utilize their police patrol vehicles for a three-year period. This would require the city to purchase four patrol vehicles a year rather than six. An argument presented by the city to counter this assumption was that time of operation was more relevant to determining useful life than actual miles driven. However, the city could not supply documentation which supported their claim.

Recommendations:

The team recommends that the city consider modifying their police patrol vehicle acquisition program to four new patrol cars per year, instead of six. This would reflect a useful life of approximately 100,000 miles, which is widely adopted as a standard useful life.

During the first half of 1999, the city purchased a total of nine new police vehicles. Six Ford Crown Victorias were purchased off state contract along with two Ford Expeditions and one Chevrolet Lumina. A total of \$190,789 was spent by the city to acquire these police vehicles.

Another vehicle issue that surfaced during the team's visit dealt with the two four-wheel drive Ford Expeditions that were purchased. The rationale for the purchase was to enhance the ability of the police division to access the beach during an emergency. At first, police patrol personnel refused to use the vehicle since it was not rated for police pursuit. After some discussions, the vehicle was used for patrol purposes.

Training

The team reviewed the records pertaining to the training and educational efforts of the police division. Provided to the team was a master schedule of all training required for police officers during 1996-1999 time period. Training courses found on this schedule included firearms qualification, cellblock management, breathalyzer refresher, internal affairs investigations, domestic violence, and criminal justice information system use. The team was pleased to see the considerable training undertaken by the police along with the coordinated effort by police officials to

develop a comprehensive training schedule. By having such a schedule, officers know well in advance when their training is scheduled and can plan accordingly. Also, this schedule will reduce the likelihood of overtime expenditures resulting from poor coordination of police training.

The team was impressed with the training and educational efforts of the police division. Equally as impressive was the master schedule, which reflected training for the entire force. The development of this schedule demonstrates an understanding of police officials in the importance of coordinating training to insure adequate police staffing levels and possible overtime expenditures resulting from poor scheduling of police training.

In addition to the state-mandated training required for sworn officers, the city also encourages all police officers to continue with their educational endeavors by offering course reimbursements and financial incentives for obtaining higher education degrees. According to the current labor agreement between the city and the local police bargaining unit, reimbursement is possible for officers who successfully complete course work related to the performance of their duties. Also, the city offers financial compensation for officers who obtain college degrees or approved certifications in areas that will enhance their ability to perform their duties. According to city financial records, in 1998, the police spent \$18,000 in professional development, education, and training.

The team commends the city and police officials for promoting the virtues of education and for offering financial assistance for officers who seek both professional and personal enrichment. The team encourages both city and police officials to monitor expenditures associated with police education and training to insure reasonable cost control along with making sure that courses are applicable to law enforcement work.

At the time of the review, the police had assigned a sergeant to manage training for the force. Also, it was the understanding of the team that this sergeant was to supervise the dispatchers. A small office for this sergeant was constructed in the dispatch room during the review. The 1998 position value for this individual was \$86,963.

Telephone System

The police division is responsible for management and control of the citywide telephone system. This would include placing service calls for installation and service work, monitoring telephone usage, and approving payment for telephone services. There appeared to be some confusion among city staff regarding exactly who within the police division was accountable for administering this program. The team was able to identify three individuals within the police division who had some degree of authority when it came to handling telephone requests.

The primary individual accountable for managing the phone system was an employee in the police records unit. This individual would make the necessary arrangements for phone service, review phone bills, and initiate the process for payment. Any action that needed to be taken, as a result of phone misuse, would be handled through the office of the director of public safety. Apparently, confusion was created when this individual was not available to handle phone requests. There appeared to be an inconsistency in exactly who the secondary or back up person was to handle city phone inquiries. At times, a clerk typist in the public safety director's office seemed to perform this work.

Frustration was expressed by city staff regarding proper handling of telephone related issues. The team experienced difficulty in obtaining information on the city telephone system and received contradictory information regarding who is accountable for the municipal telephone system. Regardless, the team feels that administration of the municipal phone system is not a police function and should be removed from the police division.

Recommendations:

The team recommends that responsibility for the municipal phone system be transferred out of the police division. The team can identify no logical reason for police personnel, especially sworn officers, to be administering the municipal phone system. The efforts of these individuals should be devoted to work related to police and public safety matters. Clearly, the city phone system does not qualify as a police or public safety matter.

The team recommends that the citywide phone system become the responsibility of the municipal utilities unit under the finance department recommended to be established in a different section of this report. This unit would be responsible for overall management of the city's utilities, which would include the phone system.

Cellular Phone and Pagers

The management of cellular phones and pagers was also considered the responsibility of the police division. It was unclear who in the police division was accountable for managing these items, but the team was initially directed to the detective handling MIS and technology matters. When the team requested a listing of city officials with cellular phones and pagers, the request was referred to the city's purchasing office. The city's purchasing office was able to provide a list of officials with cellular phones, but was unable to supply a comprehensive listing of pagers. It was discovered that certain city offices, independent of the purchasing office, acquired their own pagers and failed to process any documentation needed for the payment process. This caused confusion when invoices demanding payment were presented to the city. Fortunately, during the course of the review, with the support of the business administrator, the purchasing office was able to gain control over the pager issue.

During the review, the purchasing agent was attempting to determine the proper phone plan for each cellular phone user in the city. The team supports and encourages this type of analysis as it reflects proper and wise management of municipal resources.

Recommendations:

The team recommends that any purchases made with municipal funds be properly processed and encumbered, as required by state regulation, prior to the receipt of goods or services. Also, the purchase of items that multiple city offices require, such as pagers, should be coordinated through the purchasing office to insure that both proper and cost-effective purchasing practices are followed.

The team recommends that responsibility for managing the city's cellular phones and pagers be removed from the police division and placed in the utilities unit under the finance department as established and discussed in a different section of this report.

The team recommends that the city establish a policy, which regulates and controls cellular phone use. In addition, this policy should incorporate a procedure, which requires reimbursement for personal, non-business phones calls made with cellular phones.

The team commends the purchasing office for analyzing cellular phone use and attempting to find the most cost-effective phone plan, which will accommodate each individual's cellular phone use.

Grant Administration

The police division has been aggressive in securing grant funding to assist in financing law enforcement related programs. The police chief has personally taken an active role in seeking out possible sources of financial assistance. As a result of his efforts, the city has been the recipient of several law enforcement oriented grants during the past several years. A listing of police related grants received by the city for years 1997 and 1998 are presented below:

Grant Program	1997	1998
Drunk Driving Enforcement Fund	\$16,000	\$16,000
Municipal Alliance Grant	\$16,050	\$16,050
Safe & Secure Communities	\$60,000	\$60,000
Cops Fast	\$101,145	\$101,145
Total Grant Funding	\$193,195	\$193,195

The overall objective of these grants is to enhance the law enforcement ability of the police force. Specifically, grant funding has allowed the police division to establish a community police unit, which has proven to be very successful. The community policing program focuses needed attention in identified areas of the community. According to police officials, the community-policing unit has been well-received in the community and it is having a positive impact on the targeted population.

Additionally, the city was able to acquire a police patrol vehicle by utilizing the state drunk driving enforcement grant. The traffic safety unit, in providing speed enforcement duties along with drunk driving patrols, utilizes this vehicle. The municipal alliance grant provides funding for various community outreach programs, which educate the public on the dangers of alcohol and drug use.

The team commends the police division for actively seeking and securing grant funding for law enforcement activities. This financial assistance allows the police force to enhance their ability in serving and protecting the community. Without this funding, some programs currently administered by the police division would not exist or would be reduced in their scope.

In order to enhance the administration of grants within the police division, the team feels that consideration should be given to assigning an individual to each grant received by the police. This individual would be held accountable to insure that the objectives of the grant are satisfied and that the necessary documentation and reports required by the grant are present. The team believes that for the majority of the grants received by the police, the police chief could handle this duty. A degree of consistency could be achieved by having one individual responsible for grant administration within the police division.

Recommendations:

The team recommends that the city comply with the terms and conditions of grants. The police should seek assistance from the finance office for fulfilling the financial reporting requirements of the grant.

The team recommends assigning the police chief as the individual responsible for handling grant administration. The chief would be the police liaison with the finance department to coordinate the financial aspects of grant work.

ANIMAL CONTROL

The animal control function and the Animal Control Officer (ACO) work out of the police division, within the structure of the department of public safety. Interviews demonstrated, however, that the ACO operates independently of police supervision and reports to the director of public safety rather than police command personnel.

Recommendation:

The team recommends that the ACO report to the Police Services Division Commander who will assume direct responsibility for supervision of this function.

The ACO uses a four-wheel drive pickup truck with a red overhead light and sign markings indicating “Ocean City Police Department.” His customary work hours are from 7 a.m. to 3 p.m. during the off peak periods, but during the summer months this person reports at 6 a.m. The ACO indicated that during the summer many pet owners are in violation of city ordinance by allowing dogs on the beach. This situation requires daily attention of the ACO during this time.

The ACO is on call during weekends for any type of unusual or emergency situations. Regular sworn officers will handle the animal complaints under the public, health, safety and welfare part of the statute when the ACO is unavailable. In addition, the public works department is used to remove and dispose of dead animals from the roadways.

Recommendation:

Considering the increase in population during the summer months, the city should consider modifying the hours of the ACO to be on duty during weekends and off other days during the week. This would result in more coverage during peak population periods. Consideration should also be given to using an existing qualified special officer already employed by the city to assist during peak periods, especially during the summer months.

During 1998, the ACO indicated that the city captured 376 stray animals, and handled 1,352 calls for service. There were 22 dog bites reported. As is routine, dog bite information is registered with both the police department and Cape May County Health Department for follow-up.

The city contributes \$25,000 annually to a “no kill” animal shelter, located in the city where the stray animals are housed. Additionally, the city actually provides the building to the Humane Society, performs building maintenance, and pays for capital improvements, and some utilities. In return, the shelter takes the city’s strays at no charge. The team did not quantify the additional services provided to the Humane Society, however, it is safe to assume that the in-kind services would very conservatively amount to an additional \$1,000 per month or \$12,000 per year. Consequently, it is reasonable to assume that the city’s contribution is at least \$37,000 between cash and in-kind services. Considering the above, and that Ocean City captured 376 strays, this equates to approximately \$100 per animal for shelter services. The team is aware of costs that other municipalities pay for animal shelter services that are much lower than the equivalent amount that Ocean City is paying. A community located in southern New Jersey paid just over \$20,000 in the most recent fiscal year for shelter services to a SPCA. On a per capita basis this equates to approximately 2.7 times higher in Ocean City. If the city were able to obtain shelter services for approximately the same price, Ocean City would save approximately \$23,000, all other things remaining equal.

Recommendation:

Seek creative ways to reduce the out-of-pocket and in-kind contributions to the Humane Society and bring it more in line with current market conditions. While the team recognizes the relationship the city has with the Humane Society, the governing body also has a direct responsibility to the taxpayer to obtain this service more economically. This could be accomplished through more aggressive private fund raising efforts on the part of the Humane Society. The society could then use these increased funds to defray some of the costs the city is currently absorbing. As referred to elsewhere, the local government access cable channel could be used to raise funds utilizing some creative thinking.

Cost Savings: \$23,000

The licensing of dogs is done in the community where the dog’s owners reside on a year round basis. Ocean City conducts its licensing drive from January to April of each year. The city mails a renewal notice to owners of

previously licensed dogs indicating that the license must be renewed. The municipality enters and maintains its dog license information in a database. After April, the ACO is provided with a list of the previously licensed dogs that have not renewed for the current year. The ACO then physically inspects each of these residences to insure compliance. If a dog is present that has not been licensed, a warning notice is issued to the owner. Approximately 10 days after the warning notice, a summons is issued for continued non-compliance. There was no indication that residents whose animals were not licensed the prior year were canvassed. As a result, the potential for unlicensed animals being present was significant. The ACO could not provide the team with records regarding the number of summonses issued or internal controls on the warning notices.

Recommendation:

The ACO should be required to maintain records and develop internal controls on the warning notices and other activity in the form of a monthly report submitted to supervisory personnel and the business administrator. While the practice of issuing warnings, as referenced in the preceding paragraph, for unlicensed animals may be considered good public relations, it results in additional time, effort, and expense for city personnel. If this warning policy were discontinued, productivity enhancement would result. The team was unable to quantify the amount due to the lack of any records being available.

FIRE SERVICE

The Ocean City Fire Department is a fully paid force. The fire department has three fire stations and an EMS location bringing its houses to four. The current structures are located at 46th Street and West Avenue in the south end of the island, 29th Street and West Avenue about mid-point on the island, and 6th Street and Asbury Avenue in the northern section of the city.

Facilities

What is referred to as the city's main firehouse is located adjacent to the central business district. The city extends northward from this location to the Longport Bridge. The main firehouse provides fire coverage for the length of about two miles including the central business district. The main station incorporates all administrative offices of the fire department, including the chief and four deputy chiefs. It also presently houses one ambulance. The building is a one-story structure with three bays, a reception area, and a large office area shared with the construction officer. The main stationhouse also includes an area for meeting and relaxation, as well as computers, a bunk area, and a small kitchen area. The building was constructed in such a manner as to be capable of supporting a second floor; however, none has been added. The bays are accessible from both Asbury Avenue and West Avenue, enabling firefighters to drive straight through the building. At the time of the review, one of the bays was occupied with air pack equipment, a minor equipment repair shop, and exercise equipment making part of that bay unavailable and defeating the purpose of having overhead doors at both ends, for one bay.

The city was adding new fuel pumps to the side of this facility utilizing a computer system to monitor fuel usage. This fuel facility, along with another one at public works, is intended to be used by all of the staff of the city.

In addition to the main station house, the fire division is also responsible for a house at 29th Street. This building is older, has two bays, a small office, and a small kitchen area. It also contains an area for bunking of approximately three men. As with the main firehouse, a portion of the equipment bay contained exercise equipment. At the time of the review, it housed two pumpers and was staffed by two firefighters and a captain. However, it was evident that the station was frequently staffed by only two firefighters, which is below the current minimum recommended staffing level, and does not adequately address the relatively new two-in, two-out PEOSHA safety regulation.

The fire division also operates a station at 46th Street and West Avenue, in a building shared with the department of public works and lifeguards. The building houses two pumpers allowing entering and exiting onto West Avenue. The north side of the structure provides a kitchen and bunk area. The floor under part of the bay where the pumpers are stored is cracked and sinking. The building is built at an elevation that requires exiting vehicles to do so on a steep incline to avoid "bottoming out." The combination of flooding caused by extreme high tides and heavy rains

often causes the shoulder of the road to flood. When this occurs, the trucks are sometimes parked in the center of West Avenue to avoid driving through deep water. Staffing at this location was usually two firefighters, although organizationally it included a captain for a total of three firefighters. This level of staffing, as with 29th Street is below the current minimum recommended staffing level and does not adequately address the relatively new two-in, two-out PEOSHA safety regulation.

Recommendations:

The city should have a qualified engineer inspect the 46th Street Station in regard to the floor issue and present a report to the city administration for review and appropriate action. The city already has engineers on staff who should be able to provide such a report at no additional cost to the city.

A recommended staffing and organizational structure for the fire department appears in Appendix H of this report and should be considered by the governing body.

The city has established mutual aid agreements with Marmora and Somers Point if the need arises, although interviews indicated that this does not occur frequently. The barrier island status and its rather large ratable base present an interesting fire situation for the entire community. It is estimated the year round population is predominantly distributed in the northern sections of the community. However, it must be acknowledged that year round population is growing in the central and southern portions of the city, although at a much lesser density. As mentioned in the section affecting EMS delivery, the city is accessible by way of four roadways and five bridges all of which open with the exception of the 34th Street Bridge that is a fixed span structure. The avenues are generally controlled by lights in the downtown section and sporadically in the southern half of the island. Traffic, parking, and potential flooding as well as the beach and boardwalk, all combine to offer unique challenges to the fire division.

Administration

The fire service is a division of the public safety department under the public safety director. While the team was told that the organizational structure allowed the city administration to exercise appropriate control over the firefighting function, the team found the structure to be inefficient and that the additional layer of administration added little to the overall operation of the fire division.

In addition to the organizational structure, the team found that there was a problem with a lack of permanent leadership following the retirement of the former fire chief and the vacancy created by his retirement. The city was taking steps to fill the position through testing as mandated by the community's civil service status. The team was frequently reminded that communications between the public safety director and the acting chief (a deputy chief) were strained. As a result, the business administrator was frequently involved with resolving issues and oversight of the division. In addition to these concerns, nearly all of the members of council expressed reservations regarding the fire department, bringing into question its operations and administration. LGBR believes that the fire chief can capably address the needs of the fire prevention directly to the business administrator without the unnecessary layer of management.

This scenario would lead to a change in Ocean City's organizational structure. We believe that the fire division can operate as a separate department with a liaison role to the proposed EMS structure. The chief would be the head of the department and report directly to the business administrator. This change would necessitate a modification of the administrative code and end the layered indirect approach to solving issues and improve efficiency.

Recommendations:

Establish the fire division as a separate fire department and not a division of the Department of Public Safety. The department head, the fire chief, would report to the business administrator on needed changes, preparation of budgets, establishment of procedures, and administer the department on a daily basis.

By establishing the division as a separate department of the municipal government, the team would expect Ocean City to effectuate the necessary changes in its administrative code by passing enabling ordinances establishing the chief as the department head.

LGBR recommends that the deputy chiefs be reduced from a regular staff of four to one. All operational aspects of the division should be placed with the deputy chief leaving most administrative functions to the chief. The city may want to consider allowing the deputy chiefs to demote to the position of captain with continuing responsibilities for the three platoons. In this scenario, the captain becomes directly involved with each house and might even be reassigned to the houses if the chief believes it could achieve better response and afford better coverage as well as increase available manpower.

Cost Savings: \$10,875

Staffing and Equipment

Station	Main Station	Station No. 2	Station No. 3
Staff	Chief – 1 Deputy Chief – 4 Captain – 6 Firefighters– 24(2 rotated to EMS per platoon)	Captain – 3 Firefighters - 6	Captain – 3 Firefighters– 6
Equipment	'90 Ladder '83 Ladder '88 Pumper Pumper (service) '89 Rescue Auto – Ocean Rescue Auto – Chief	'96 Pumper - Pumper	'98 Pumper '78 Pumper

Current staff work 53-hour weeks, using an FLSA schedule allowing for a scheduled day off during the month. Specifically, the firefighters work a schedule of 24 hours on, 24 hours off, 24 hours on, 24 hours off, 24 hours on, 4 days off. The division is organized into A Platoon, B Platoon, and C Platoon. At the time of the review, the assignment of a deputy chief to acting chief caused a vacancy in one of the deputy chief positions. A table of organization is attached in the appendix section to this report to visualize the organization, as it now exists. As previously noted, the fire department considers the EMS structure to be Station 4.

Deputy Chiefs

The Ocean City Fire Department utilizes four deputy chiefs in the administration of the department. Their duties include shift deputy, incident reporting, maintenance, personnel management, training, safety, and reporting of all statistics relating to Fire/EMS activity. Each deputy is distinguished from another through various unique assignments such as confined space extrication, fuel usage, and administration. With the temporary assignment of one of the deputy chiefs, each individual deputy chief has accepted additional duties.

According to officials in Ocean City, the chief of the department had formally worked closely with the inspection areas in both UCC and fire prevention. The team believes that the new chief should assume many of the operating, procedural, and administrative roles now assigned to the deputy chiefs, thereby allowing the deputy chiefs to get more involved with the daily functions of supervision, incident operations, training, and personnel. The present arrangement of four deputy chiefs serving 12 months of the year does not relate well to a city of 18,000 when a city like Camden has two deputy chiefs. LGBR recommends the city consider a fire chief and one deputy chief at the top of the chain of command. Certainly administrative and procedural functions could be outlined through both of these positions while captains are given more opportunity to work directly with their subordinates in areas with very little direct administrative concerns. This change in structure would allow the deputy chiefs to demote to the captain level, leaving the single deputy chief responsible for the department in the absence of the chief and also responsible for daily operations throughout the fire department. The deputy chiefs would now accept positions as captains with

continuing responsibilities for A Platoon, B Platoon, and C Platoon. However, much of the administrative functions would be removed in favor of a more supervisory role.

Staffing, Locations, Response Issues

With the reduction of the number of deputy chiefs, the fire department is still met with a number of positions and functions, which would need to be reassessed under the newly adopted structure. The team believes that the department can function with the staffing level it now has as an effective force during all months of the year. This is particularly true given the return of six firefighters from EMS. The first responder activity should be reviewed in conjunction with our recommendation for the EMS component. However, LGBR also believes that serious discussions could be held with the 911 staff to possibly reduce calls at the firefighter level. With the return of the firefighters to actual fire suppression activity, LGBR believes that the 36 firefighters could be supplemented by an additional five firefighters caused by our suggested reorganization. LGBR recognizes the supervisory function possibly required at the houses and suggests the creation of fire lieutenant positions should the chief decide to house the captains at the main house. This suggestion would require the demotion of all existing captains to the position of lieutenant and the continued reduction of an additional six captains to the rank of firefighter. The city would realize a saving in cost, but would also gain an additional number of firefighters to assist with real manpower needs at the firefighter level.

Recommendation:

Reorganize the department through demotions of the existing fire captains to the positions of fire lieutenant and firefighter. The city could establish a lieutenant's salary to be approximately \$61,933 based on present salaries. Approximately six positions would be downgraded to lieutenant and six to firefighter.

Cost Savings: \$144,360

Location

The team has discussed the seasonal nature of Ocean City. LGBR suggests that the city may be providing more coverage in fire than is normally necessary for a community of just over eight square miles. One has to be careful in this analysis since the city may only house approximately 18,000 yearly residents, but it maintains a ratable base of over three billion dollars. This presents Ocean City as an extremely difficult community to analyze based on population, traffic, density, and response.

A review of actual fire statistics reveals the following facts made available to LGBR for 1997 and 1998 respectively:

Type of Alarm	1998	1997
Fire/Explosion	109	127
Good Will Call	142	158
Hazardous Condition	200	184
False Alarms	406	364
Other Call	33	32
Rupture (pressure)	4	1
Rescue	1,198	1,054
Service Call	172	171
Totals	2,264	2,091

The interesting feature of this analysis relates to the number of rescues performed by the fire department on an annual basis. This total suggests the fire department responds to nearly 100 rescue calls per month on average. The team believes, however, that while that may be the average, most would logically occur during summer months. At the time of our review, the city had only recently purchased a heavy rescue truck placing the existing rescue truck back into position as a boardwalk mini-pumper or reserve piece. Also, at the time of our review, the city was considering additional options including possible consolidations. LGBR has reviewed this situation, and has recommended the following changes:

- Close the EMS station and eliminate it as a municipal building (savings identified in the EMS section).
- Expand the 29th Street facility to add an additional bay and house additional firemen on the 2nd floor at a cost of approximately \$350,000.
- Close the firehouse function of the 46th Street Station for the bulk of the year. The structure, following its inspection by a qualified engineer, could continue to serve a vital storage and overflow function.
- Utilize one bay of the 46th Street facility for seasonal usage only to be staffed by firefighters from the 29th Street Station.

The team believes the southern end of the island can be adequately served with a one bay structure during the summer months. LGBR believes this facility could be structured to house seasonal fire/rescue activities in the south end during major influxes of visitors in the summer. The team, to illustrate the logistics required from the 29th Street location to the southern end of the island, did an actual analysis of response time and miles. This analysis revealed the following:

- Response time from 29th Street to 59th Street or the end of the island was five minutes during routine early summer traffic. While it is acknowledged that this time may seem excessive, the fire load in this part of the island is low. Beyond that, most of the structures have been constructed in conformity with more modern building codes, which further reduces the fire potential.
- It was established that the distance was 3.2 miles.
- It was also reasoned that the distance to the Corson's Inlet Bridge was another 1.9 miles with additional time consumption of two minutes and 30 seconds.

These changes would increase average response time in the south end during the winter from three to five minutes. LGBR also suggests the fire department establish a mutual aid agreement in the Corson's Inlet area with Upper Township to eliminate some of the response time if it were required at the town's border. Response time during the summer would remain unaffected. This recommendation also envisions one pumper at this location in the summer months to be returned to 29th Street during the winter.

The establishment of a more modern expanded facility at 29th Street can be accommodated since a small park and driveway are located adjacent to this facility. This proposal continues to place vehicles on West Avenue and keeps the airport in reasonably close proximity to fire/rescue apparatus. LGBR looked at other options including eliminating the 46th Street House entirely, a station located on or near the airport, or possibly closing the 29th Street House. Following rather intensive reviews and analysis of statistics, the team found that the city most likely needed some coverage in the extreme south end during summer months. However, such coverage became increasingly difficult to justify during the winter.

Although this section has not covered EMS and Basic Life Support (BLS) services, the team believed the houses at 29th and 6th Streets could accommodate ambulances despite the movement of pumpers or other apparatus into the 29th Street Station. Since actual structure fires averaged nine per month, the team does not believe these moves jeopardize fire service and should increase efficiency.

Recommendations:

Close the 46th Street Station for the bulk of the year.

Cost Savings: \$22,000

Utilize one bay of the existing 46th Street facility during peak periods staffed from the 29th Street Station.

Add space to the existing 29th Street facility plus living quarters and move one or two pumpers to this location from the 46th Street Station. Also provide for the housing of one ambulance.

One-time Value Added Expense: \$350,000

Operations

Ocean City budgeted \$95,500 for other expenses in 1998 for the fire division. A look at those expenses reveals the following:

Other Expenses	1998 Budget
Maintenance and Repair	\$3,000
Professional Education	\$5,000
Clothing Allowance	\$36,100
Uniforms and Laundry	\$2,000
Minor Apparatus	\$18,000
Equipment Outlay	\$17,900
Safety Equipment	\$12,000
Advertising/Promotions	\$500
Office Supplies	\$1,000

A review of actual purchase orders reveals many costs under the state guidelines for bidding. A check with the purchasing division indicates that quotes are sought by the fire department for purchases under the bidding guidelines. The team believes this process should continue and reflects a formal process, which is currently not available through the purchasing office.

As required by contract, the city provided over \$36,000 in uniform allowances for staff in the fire division. The team believes that the city should buy these items independently. Comparable prices checked by the team for fire resistant station uniforms, including emblems, indicated annual costs to be approximately \$555 per firefighter allowing for four trousers and five shirts. Current costs in Ocean City for clothing per firefighter are in the \$700 per person range, which is expected to escalate in 2000.

Recommendation:

The city should purchase uniforms directly for the fire division staff.

Cost Savings: \$5,220

Volunteers

The review team has discovered that Ocean City has had a long and extended operation with a paid fire department. However, LGBR believes that volunteers should not be dismissed as unobtainable. Other shore communities have protected their island residents with both paid and part-paid firefighters for a number of years. Some communities even permit some of their own employees to participate as active volunteers to achieve a level of protection for the residents. Of course this is not without some cost since the community may indeed continue to pay these individuals a stipend during the fire call.

As indicated above, the team has recommended that the 46th Street House be utilized for a seasonal operation. It is conceivable that such an arrangement could be maintained yearly with a volunteer group if the city was willing to provide support to such an operation. It has been suggested that Ocean City is a city comprised of mostly older residents who might not be able to provide this type of volunteer service. Tradition and union activity might make this concept difficult to achieve, but LGBR believes the resident population could possibly support a volunteer group of from five to 10 individuals, or more, with the right type of incentives. Demographic studies demonstrate younger families live on the island and possibly account for as much as 46% of the school district's student population. This family base might be interested in participating in an active community group aimed at maintaining one of the stations, possibly 46th Street.

Recommendation:

Encourage the establishment of a volunteer group of firefighters of from five to 10 individuals to participate with paid staff at the 46th Street Station. Provide needed incentives in the form of training and supervision to enhance the community well being. Ocean City also may wish to analyze incentives offered to non-uniformed personnel to participate as active volunteer firefighters.

Overtime Cost

Ocean City's fire department has utilized \$461,000 in overtime to meet the needs of the department as a result of EMS, sick leave, and staff shortages. This cost is most likely associated with EMS services. LGBR has recommended EMS be outsourced. Actual savings achieved for overtime would be difficult to analyze since both divisions fall under the purview of the fire department. However, LGBR believes that placing these costs with the new service provider could reduce 50% of the overtime. Therefore, LGBR believes the city could cut costs by at least \$230,000, and possibly more should the firefighters be removed from regular EMS rotations.

Recommendation:

Reduce overtime by 50% as a goal to be achieved through the outsourcing of EMS and the subsequent return to full firefighter status of those firefighters previously assigned to EMS.

Cost Savings: \$230,500

Emergency Medical Services

As a yearly residence for some 18,000 individuals, the city must address geographical concerns, business matters, boardwalk operations, an extensive beachfront, and a wealth of property value issues. These matters produce concerns about the best way to provide emergency medical services for an island community that sometimes reaches 150,000 residents during the height of the summer months. The team feels it is necessary to point out some of these unique features, which encompass any discussion about EMS delivery in Ocean City. Some of these issues are as follows:

- a. The nearest hospital is approximately five minutes from the 9th Street Bridge.
- b. Ocean City is accessible by four roadways with five bridges, four of which are capable of opening, and is contiguous to Somers Point, Egg Harbor Township, and Upper Township, all in Atlantic County with the exception of Upper Township. Four of the five bridges open to permit boat traffic in the inland waterway to proceed, thus limiting emergency access and egress.
- c. Only one of Ocean City's avenues provides four-lane access for some stretch of traffic in the city. Extraneous devices control none of the traffic lights electronically.
- d. The boardwalk is generally accessible at street ends only. There are ramps for some light traffic on the boardwalk.
- e. The beach is accessible by 4-wheel drive vehicles, but only at a few locations.
- f. Water rescues are common.
- g. Much of the population centers shifts to the central and north end of the island during the winter months.
- h. Traffic congestion is a genuine concern during summer weekends and affects response times.
- i. Ocean City is also home to a municipal airport that is heavily used during the summer months.

These problematic concerns need to be taken into consideration when one addresses EMS in Ocean City.

Historically, a volunteer group formerly known as the Cape May County Rescue Squad had served the city for a long period of time. This group served the city well during its history and provided good coverage for EMS services until approximately three years ago. During the last year of its operation, the city had to address shortages of personnel occurring during daytime operations. Finally, the city was forced to meet EMS coverage 24 hours a day. It was during this period that the city made a formal decision to permit the fire division and six EMT's to provide municipal EMS services throughout all of Ocean City. The city occupied a former lifeguard storage facility, which was built in 1950 and renovated for purposes of maintaining EMS services. The building has four bays housing four ambulances. It is valued by their Joint Insurance Fund at \$429,200. It was also improved to provide housing, radio equipment and storage with an estimated value of \$46,655. The building is located at 1501 West Avenue which is a four-lane avenue. The city also maintains a 5th ambulance at the main fire station as a backup.

At the time of the city's decision to have the fire department operate EMS services, firefighters in the City of Ocean City did not respond as EMT's to 911 calls. Although they may have responded as emergency fire services, they did not possess EMT certification, with some individual exceptions. It was during this time that Ocean City sought to expand firefighter participation by negotiating an EMT provision in the contract covering firefighters (FMBA). With this change, Ocean City entered a "First Responder" mode by allowing nearly all firefighters to respond to Advanced Life Support calls. Virtua Health Care from Shore Memorial Hospital in Somers Point, as certified by the State of New Jersey, provides Mobile Intensive Care Units. These units also respond to Advanced Life Support calls but do not provide transport and serve a wide-ranging area outside of Ocean City.

At the present time, Ocean City provides 24-hour paid coverage with six EMT's and two firefighters stationed at Fire Station #4 or the building located at 15th and West Avenue.

The EMT's work a 56-hour schedule as provided by Federal Fair Labor Standards Act (FLSA) in conjunction with the firefighter schedule. Although one of the EMT's holds a supervisory title, the position is not functional since a deputy fire chief supervises the unit. Presently the schedule is 24 on, 24 off, 24 on, 24 off followed by four days off. This eight-man rotation can cause shortages in firefighter coverage, but is providing adequate EMT coverage. There are instances of overtime caused by shortages in either EMT coverage or firefighter absences.

The city made a decision in 1997 to collect insurance payments and charge clients a fee of \$350 for transport services. At the time of our review, the vendor responsible for billing services had been changed, and the fee collections had improved to approximately 53% of billings with an average insurance collection of \$187 per transport.

At the time of the review, LGBR discovered the following facts for 1998:

No. of 911 Calls	Actual Transports	Cost per call	Cost per Transport	Collection rate 53.22%	Cost for EMS including other expenses
3,123	1,650	\$177	\$336	\$276,372*	\$554,856

*Minus vendor fees.

As one can surmise from the above documentation, actual 1998 calls for service were substantial, but nearly half those calls were not transported. The cost for actual transported 911 calls is extremely high compared to other communities. Costs associated with the total number of calls are also high. One of the primary reasons for the higher than normal cost is that salaries for the EMS personnel are higher in Ocean City than in other communities with paid EMS service. LGBR included firefighter costs in this projection since they are participants in the EMS coverage. We did not agree that this was only firefighter salary and would have been expended anyway.

LGBR has researched a number of solutions to the high cost of EMS services in Ocean City. After much analysis and review, LGBR has determined that the payee profile in Ocean City offers a rare opportunity for Ocean City to outsource this operation through either a private for-profit organization or a non-profit organization similar to the service being provided in nearby communities.

The following needs assessment should be considered:

- 1) The city needs to review its EMS contract for billing for real collectibles.
- 2) The city needs to develop a specification aimed at providing optimal coverage with as little cost as possible.
- 3) A liaison role would need to be established with the public safety director or fire chief.
- 4) Ocean City should assess the necessity to provide any firefighters to EMS services on a regular basis. "First Responder" activity would also need to be reviewed.
- 5) It would appear Ocean City could obtain full-time EMT coverage with little or no cost and remove approximately \$500,000 from its budget appropriation.
- 6) A private non-profit organization could achieve a degree of success based on the following information:
 - a) Access or outright purchase of existing medical services equipment.
 - b) Options to locate in existing fire stations.
 - c) Access to all billing.
 - d) Increased coverage during summer months.
 - e) Lower costs associated with bulk purchasing and manpower savings.
 - f) Agreements to pursue billing under conditions agreed to by the city. (Special circumstances surrounding Medicare billing could add some cost)
 - g) Maintenance and operational concerns restructured under the vendor agreement.

With these specifics in place, LGBR believes Ocean City can remove itself successfully from the EMS business and restructure its "First Responder" system. In addition, we believe Ocean City can sell the building currently being used and recoup some initial funds by selling its equipment at a depreciated cost. This also removes direct supervision concerns and leaves liaison activities to the fire chief. Employment opportunities could be made available at existing rates, but would significantly reduce budget allocations.

Recommendations:

Ocean City should outline a Request for Proposal (RFP) outsourcing the EMS services in Ocean City via a private for-profit or non-profit organization permitting billing activities in order to provide incentive to the vendor. Potentially, a non-profit organization could operate successfully based on a payee profile.

Ocean City should consider selling all equipment and brokering the structure at 15th Street to offer a one time infusion of revenue approaching \$900,000, assuming the structure to be sold for its building value and estimating ambulances at the value of \$75,000 each.

Costs for employees would be reduced by \$439,763 including costs of positioning two firefighters at the location. For purposes of real savings, however, the team will not include those costs since the firefighters will return to firefighting duties. Those averaged costs amount to \$107,836. Therefore, real salary savings would be reduced to \$331,977.

Operating expenditures of approximately \$61,000 would also be removed from the budget as well as overtime costs, which are difficult to estimate since those costs were rolled into firefighter overtime.

Cost Savings: \$272,977 (\$120,000 already identified in union segment)
One-time Revenue Enhancement: \$900,000

DEPARTMENT OF PUBLIC SAFETY

Overview

Public safety is a core function that taxpayers expect their local government to provide. Police, fire, and emergency medical services are critical operations that must always be effectively and properly delivered to residents and

visitors during their time of need. In Ocean City, the department of public safety (DPS) is the largest city department. It employs approximately 170 full-time employees, who comprise about 59% of the city work force, and approximately 200 seasonal or part-time employees. In 1998, this department was budgeted at \$11,101,000, and of that amount, spent \$10,875,513. The expenditure is approximately 29% of the municipal operating budget.

Traditionally, public safety functions can be broken down into three major areas consisting of police, fire, and emergency medical services. In Ocean City, the scope of the public safety department is far more extensive and includes such areas as beach patrol, vehicle maintenance, UCC code enforcement, mercantile licensing, and municipal management information systems. A full-time civilian director serves as the administrator of this department. Based on observations made by the team, the DPS not only oversees a variety of broad policies and administrative matters, it is also involved with the daily management of many aspects of the operation, particularly with the police division.

The city's department of public safety was established as a result of a change in the administrative code, which took place in 1991. Prior to this change, each respective chief of police, fire, or other department head reported directly to the business administrator. According to the business administrator, this change was made to consolidate municipal departments, and to create a small knowledgeable and experienced staff of senior managers that had large scopes of authority, and dealt mainly with broad based policy issues rather than getting involved with the daily operations of the city. As a result of this change, there are six members of the city's senior management staff. The members of this group include the business administrator, the chief financial officer, the director of public safety, the director of law (part-time employee and under contract via a professional service contract), the director of public works, and the director of community services.

Director of Public Safety

The director of public safety position was established in 1991. The police chief at the time was appointed the director of public safety and served concurrently as both the police chief and the director. In this dual role, this individual not only managed the day-to-day operation of the police division, but also managed fire, emergency medical services, beach patrol, vehicle maintenance, UCC enforcement, and emergency management. Over time, areas such as mercantile licensing, non-UCC code compliance, and municipal management information system responsibilities were incorporated into the department of public safety. From 1991 to 1995, this individual held these dual roles. Subsequently, this individual retired from the position of police chief in June, 1995, but retained with no interruption of service the position of director of public safety.

Recommendation:

The team recommends the city evaluate the role of director of public safety. It is the opinion of the team that the city could effectively function without this position. The respective division heads and chiefs of police and fire could, and should, report directly to the business administrator. These senior employees, with the guidance and direction afforded by an experienced business administrator, could capably handle routine work duties such as approvals for purchases and minor personnel actions. The business administrator should coordinate broader policy issues that involve multiple city departments. With a global perspective on municipal operations along with a familiarity of budget constraints, the administrator should be able to provide the division heads of the department solid advice and guidance on the operations of the respective divisions. If the city elects to implement this recommendation, the administrative code would have to be amended to designate a new "appropriate authority" to oversee police operations in accordance with N.J.S.A. 40A:14-118. The savings would amount to the direct position cost of this position which in 1998 was \$88,943, plus an additional \$2,000 which is reflected in the retirement match listed in the budget for senior management as a "bonus."

Cost Savings: \$90,943

DEPARTMENT OF PUBLIC WORKS

The department of public works has a published mission statement. According to that statement, the mission of the Ocean City Public Works Department is to keep the city clean and well maintained, build and improve city facilities and infrastructure, and provide quick and courteous service. The stated goal is the satisfaction of the residents, and visitors, and the maintenance and improvement of Ocean City's public assets to the highest standard of quality. In addition, four of the mayor's initiatives (road resurfacing, a new public works complex, boardwalk widening, and the provision of parking facilities) fall within the purview of the department.

The department is using a work order system that allows for the recording of projects by type and location. The following facts and figures were reported based on that work order system. The beach and the boardwalk provide a great deal of the workload for the department. The city has approximately 250 acres of beach, 38 beach out-falls, a seven-mile dune system and 3,600 linear feet of beach-walks. In addition, there is ½ million square feet of boardwalk decking with one million nail and screw connections. There are also 92 miles of city streets and 33 miles of city alleys. Public works staff is also responsible for maintaining plumbing, HVAC, electrical systems, oil burners, irrigation systems and generators for public property throughout the city. It was estimated that the city owns approximately 60 buildings.

As with most of the service delivery departments of the city, the operations of the department of public works are greatly affected by the huge population growth experienced during the summer season. During the peak summer season, public works' personnel are providing infrastructure support for up to 150,000 people.

In general, it appeared that there was good communication between the department and the mayor's office and business administrator. Further, the setting of the goals and objectives allowed for prioritization of public work functions.

It was the team's observation, which was confirmed through discussions with the department's director and operation manager that the taxpayers were treated as customers and one of the primary goals of the department was to keep the customers satisfied. The director or manager responds to most complaint calls to the public works department.

Financial

Based on the payroll information, the 1998 position value, which includes salary and wages, certain stipends, health/dental/prescription insurance costs, pension, social security and Medicare, for the department was \$3,982,179. In addition, \$55,064 was spent for overtime, \$47,169 for other payroll related payments, including out-of-title, bonuses and special payments, and \$20,700 for uniform allowance. The total staff cost for 1998 was \$4,105,112.

In addition to the salary costs, there are significant allocations for other expenses for public works. The following table provides the other expense detail, as delineated in the city's budgets. 1995-1997 are actual paid or charged and 1998 is the budgeted appropriation.

Budget Breakout by Division	1995	1996	1997	1998
Administration	\$65,176	\$58,788	\$44,331	\$57,000
City Wide Operations	\$1,798,176	\$1,878,505	\$1,936,576	\$2,100,000
Operations	\$2,675,674	\$2,683,058	\$2,626,157	\$2,494,250
Project Management	\$20,927	\$18,116	\$14,426	\$18,500
TOTAL	\$4,559,953	\$4,638,467	\$4,621,490	\$4,669,750

Staff provided budget information that outlines the breakdown of the other expenses (OE). Administrative other expenses included certain professional services, educational training, publications and memberships. The operations OE included grass cutting services, trash collection, recyclable collection, tipping fees, clothing allowances, aviation fuel, materials, supplies, parts, tools and small equipment. Citywide OE includes custodial services, systems' maintenance, trailer rentals, janitorial supplies, copier and fax rentals, and reimbursement to condominiums, materials, supplies and parts. The project management OE is for computer system maintenance and supplies.

Organization/Staffing

The current director has been with the city for five years as director of public works. He is also a registered professional engineer and Certified Public Works Manager (CPWM).

The operational table of organization is different than the divisional breakout outlined in the budget documents. However, it was the team's observation that the functional table of organization had a logical delineation of functions with no one person responsible for too wide a range of activities. There were clear chains of command.

Currently, the department is organized in two divisions; each division is divided into units. The divisions are project management and operations. In total, there are approximately 57 full-time employees and eight part-time employees. The department also has an influx of seasonal/part-time employees, particularly during the peak summer season. The 1998 table of organization indicates that there were approximately 94 seasonal employees, 12 of which worked in the carpentry shop during the winter season. The manager indicated that the department has a hard time recruiting and competing for the seasonal employees, in part, because the pay was not competitive. He noted that there had been about seven or eight positions that weren't filled during 1999 because of the difficulties with recruiting.

Most of the staff of the department is assigned to the operations division. The division is responsible for many traditional public works type of functions one would expect for a shore community, including maintaining the grounds, property, beach, boardwalk small engines and streets and drainage. One function not performed by the public works staff is vehicle maintenance, which is discussed separately in this report. It should be noted that the team has recommended that the vehicle maintenance function be combined with the small engine operation and moved into the department of public works.

As mentioned, there is a computer-based work order system being utilized by the department, primarily tracking the work of the operations division. It is commendable that city staff is utilizing such a work order system. However, the system is inadequate in that it does not allow for tracking all aspects of operation, including staff time spent on task, equipment utilized, the cost of materials, and other city resources utilized. The operations manager discussed the system in detail with the team and expressed great interest in obtaining a system that would be able to track and cost-out operations.

Because of the system's inadequacies, it was impossible to assess if staffing levels are appropriate to perform the functions required of the department. The city is encouraged to pursue the enhancement, or purchase, of a work order system that allows for cost analysis. Such a system would provide the information necessary to determine if the staffing levels are sufficient and ultimately to organize and plan work in a more efficient manner. Also, work can be coordinated and schedules adjusted accordingly. For instance, when a street opening permit is issued, the work order system could trigger a redirecting of the street sweeper. Once the system is operational, clerical support can do the data entry and the manager/director can utilize the various reports.

Recommendation:

The team recommends that the city purchase a more comprehensive, efficient work order system. The team estimates the cost of the purchase to be approximately \$10,000 (\$2,500 for the hardware and \$7,500 for the software).

One-time Value Added Expense: \$10,000

The operations division is also responsible for the operations of the airport, boat ramp, golf course, and transportation center. These operations are discussed more fully in the section of this report addressing the recreation, transportation and entertainment operations utility. It should be noted that it is recommended these services become part of a self-liquidating utility. The manager position currently charged with oversight of these operations would be a logical position to oversee the functions of the utility.

The other public works division is project management. The team interviewed the manager of project management to determine the scope of the division's responsibilities. Included in those responsibilities is the preparation and implementation of the capital plan, coordination of capital projects for the city, managing various types of

construction, including dredging, contract administration, bid and price quote preparation, overseeing and inspecting street openings and grant application. Staff of the unit is also managing the construction of the Bay Side Center. The zoning officer function was also temporarily assigned to the unit when the position was vacated in the planning office.

The manager, who has been with the city since 1982 and is currently in the title of superintendent of streets, is primarily responsible for matters relating to the preparation of the capital plan, particularly in terms of planning, bidding, financing, and construction management. Each August, the city's department heads are given the upcoming year's capital plan to review and offer suggestions, requests, and comments. The manager then reviews those comments and calculates the associated costs.

The capital budget is considerable for the city and calls for a maximum of \$4 million per year. Up until 1997, the business administrator was actively involved in the oversight of ongoing projects, but since that time the capital oversight has been a responsibility of the department of public works.

The manager outlined a method by which the staff costs are charged against the various capital projects. That process requires that all staff member track their hours on a particular project and that project is then charged for the hourly rate and a share of the benefits.

The current staff consists of seven full-time and one part-time employees. The full-time positions consist of three managers, two project supervisors and one zoning and utilities inspector. The secretary is part-time. In addition to those already mentioned, there are two full-time staff members that work in Bayside Center and perform enforcement of the bulkhead ordinance. Total staff position value for the seven full-time staff for 1998 was \$455,265. In addition, \$1,397 was paid for overtime, \$1,234 in bonuses, \$1,100 for special pay and \$1,800 for uniform allowances, making the total full-time staff cost \$460,796. Other expenses for project management for 1998 were budgeted at \$18,500. Therefore, without overhead costs, such as office space, capital costs dedicated to the operation, including vehicles, computer software, secretarial support, engineering services and insurance, the cost of the capital operation exceeds \$479,296, or 12% of the capital budget.

Using the generally accepted six to eight percent cost for administrative overhead for capital projects, it appears that the capital project management function is more costly than it would be if the management was performed privately.

As discussed, the team has reviewed the public works operations and has made several suggestions as to the appropriate functions of public works staff throughout this report. Most of the other municipal departments are dependent on public works staff support in the provision of their particular services. Also, there are other departments that appear to be performing functions that would be more appropriately coordinated through the department of public works.

Accordingly, the team has summarized those recommendations into the attached proposed department of public works table of organization in the appendices. That table shows the vehicle maintenance function in public works, has removed the administrative functions of the golf course, airport, and boat ramp, and realigns the project management function, and utilizes the superintendent of streets for capital and operations management.

Recommendations:

The team recommends, in light of the recommendation in the beach utility section of this report, that the position currently held by the manager of operations be upgraded to the newly proposed director of public works. The current director, because of the needs of the beach superintendent, dealing with beach replenishment, and scheduling of projects relating to public works, would be moved to the position of beach superintendent. The result would be an elimination of one middle management position within public works with a position value of \$71,944. The team believes that implementation of the more comprehensive work order system will also enhance this recommendation.

The capital project management function would be streamlined into three full-time positions, one part-time clerical support, with approximately half of the superintendent of streets' time being devoted to capital projects and the remainder of his time devoted to existing responsibilities. The project supervisor positions would be retained; however, the other two manager positions would be eliminated along with the seventh full-time position. The position value savings would be \$198,849.

Cost Savings: \$270,793

Because of the realignment of project management staff, the team also recommends that the project management functions be performed out of the same complex that houses the other units within the department. Having a small number of staff report to a building, which is a considerable distance from the main public works complex, results in fragmentation and lack of supervision. Based on the insured value of the building, the team conservatively estimates that there would be a revenue enhancement of \$125,000 if the property currently housing the project management staff were sold.

One-time Revenue Enhancement: \$125,000

Street Sweeping

A street sweeper travels at 2.5 miles per hour and can sweep approximately 7.5 miles a day. Thus, one sweeper can sweep up to 1,950 miles per year, under optimum weather conditions.

The team was provided with the city's sweeper schedule, and the public works manager noted that there are approximately 93 street miles in the city. The schedule divides the city into 10 separate areas, five in the northern section of the island, five in the south. The residential sections are swept approximately three times a year; the downtown area is swept daily. The city utilizes three sweepers to meet the sweeping schedule. The sweeper responsible for the downtown area also responds to complaints and sweeps the airport runway.

One particular challenge to the public works staff is to accomplish street sweeping during the summer months. Because of the parking conditions on the island, there are usually a significant number of vehicles parked on the streets, even during the off hours. The sweepers often have to retrace routes or respond to complaints resulting from missed sections. The team observed the problem during a holiday weekend when the sweeper had to sweep the center of the street rather than the curbs.

The manager of public works operations provided the team with an analysis of the average hourly rate for street sweeping based on information available for a six-month period during the 1999 year. The factors utilized in that analysis included the average hourly operator's cost, including fringe benefits, and the calculated average hourly machine cost with maintenance. That calculation resulted in an hourly cost of \$41.07.

Information regarding the actual number of miles swept per year was not made available by city staff. Utilizing the hourly rate of \$41.07 and the acceptable benchmark of 2.5 miles swept per hour, it would appear that the city is managing to accomplish sweeping at a cost of \$16.43 per mile. Normally, LGBR identifies a range of acceptable cost per mile to be between \$35 to \$45. Using that benchmark, it would appear that the city is providing the service for a phenomenally low price. Because it is such a low price, and the raw data was not made available to the team

for analysis, the city should re-evaluate its sweeping costs to ensure that all costs reasonably associated with the sweeping function are identified.

Recommendation:

The team recommends that the city undergo a detailed analysis of the street sweeping function to determine the reasonableness of the schedule and determine the true cost of the operation.

Public Works Complex

The city is currently in the planning phase of a new public works complex. During the course of the review, the feasibility study was being finalized and discussed by city council. Of all of the city buildings visited by the team, the public works buildings were by far in the worst condition, and there was fragmentation caused by the layout of the buildings. Whether or not the new facility is constructed, there is an apparent need for redesign, and repair or replacement of several structures that contain public works.

Small Engine Shop

One of the functions of the public works department operations division is maintaining and repairing of the city's approximately 294 pieces of equipment/small engines. While the vehicle maintenance function is currently a responsibility of the department of public safety, the engine shop has stayed as a function of public works. There is one full-time staff member assigned to the function; however, he is often reassigned to activities such as electrical work.

The staff member keeps a record of small engine maintenance, but there is no comprehensive work order system. As discussed in the vehicle maintenance section of this report, the team recommends that the small engine shop be moved into the vehicle maintenance function and that the staff position be retained to support that function.

In addition, the team had serious concerns about the working conditions in the small engine shop. There was only one means of egress from the shop and the building itself offered serious fire concerns. Regardless of the dispensation of the new public works complex, the team recommends that the small engine shop and staff be physically relocated to the vehicle maintenance garage.

Fleet Maintenance

The city has a considerable number of vehicles for a municipality of this size. Repair and maintenance of this fleet is a function of the fleet maintenance staff. The team found staff to be cooperative and willing to share information. The following observations and recommendations are based on the characteristics LGBR generally looks for when reviewing a fleet maintenance function.

Mission Statement/Policies and Procedures

The mission of any fleet maintenance operation should be to provide effective and efficient vehicle service that meets the needs of its users. That mission should be clearly articulated in a written policy manual and/or procedure guide.

The team was unable to identify any written policies and procedures specific to vehicle maintenance. The lack of written policies and procedures creates opportunities for inconsistent and inefficient work, and inhibits performance evaluations and the development of training programs.

Further, the team found the city's discussion of vehicle usage in the policy and procedure manual to be deficient. The section does not address scheduling of service, the repercussions of misusing/abusing vehicles, appropriate reporting mechanisms, or the proper use of a publicly owned piece of equipment.

Recommendation:

The fleet maintenance supervisor (director), in conjunction with the city's senior management, should develop a Vehicle Maintenance, Use and Service Guide for all city employees, and a mission statement appropriate to the department. They should also develop policy and procedures relating directly to the maintenance staff.

Organization

The garage is located in a building in the public works complex. There are two distinct sections in the garage. Smaller vehicles, such as public safety vehicles (cars and vans), are worked on in one section of the garage. The other section of the garage is dedicated to work on larger vehicles, such as trucks and heavy equipment and also houses the welder's shop. The one side is considered the "police" garage, while the other side is the "public works" garage.

The fleet maintenance function is currently a responsibility of staff of the department of public safety. It appeared there were two primary reasons behind the function being established under public safety. First, there was the perception that a predominance of the work performed is done on public safety vehicles and, second, there had been a concern that public safety vehicles were not given priority when the Department of Public Works (DPW) administered the function. According to the city's vehicle list, however, there were more vehicles in DPW and other departments than there were assigned to the department of public safety. Based upon interviews with Ocean City staff, it was indicated that oversight of this function was a consideration in placing fleet maintenance in the department of public safety.

The team found that the current operational structure caused disjointed reporting lines and resulted in fragmented supervision of staff. The garage appeared to function with limited on-site supervision. The location of the building created a condition where the director of motorized equipment was away from the facility often meeting with superiors and updating records.

Based on a public works feasibility study that had recently been completed by a consultant, the vehicle maintenance function will continue to be located in the public works complex. The proposed new complex includes limited space for the storage of vehicles as well.

Recommendation:

The team recommends that the department of public works manage the fleet maintenance function. Given this structure, the vehicle maintenance facility should operate as one cohesive unit. The combining of the functions would also allow for the reduction of one of the four vehicles assigned to fleet maintenance. This becomes a practical move since one is used to pick up general parts, and another is dedicated to picking up police vehicle parts. The approximate cost to maintain a vehicle is estimated to be \$3,307 (detailed in a following section). Given this cost, plus insurance, and two people performing the same function, the team estimates that a direct cost savings and productivity enhancement of \$7,000 would result. In addition, the city could conservatively expect to reap one-time revenue of at least \$500 from the sale of the vehicle.

**Cost Savings/Productivity Enhancement: \$7,000
One-time Revenue Enhancement: \$500**

Staffing and Workload

According to the 1998 payroll data, there were nine full-time staff members employed in fleet maintenance, four mechanics, one supervising mechanic, one senior mechanic, one welder, one laborer and a director of motorized equipment. The oversight of daily operations is the responsibility of the director, who has been in the position for approximately 10 years after working his way up from a mechanic's position.

The city's fleet maintenance staff repairs and maintains all of the units owned by the municipality, with the exception of bodywork. The welder repairs and rebuilds equipment such as flatbeds, cabs, and street sweeper components.

The city's department of administration's Fleet Vehicle Inventory Report shows that there are 196 vehicles, trailers, and pieces of equipment owned by the municipality as of June, 1999.

Vehicle Equivalents (VE)

A vehicle equivalent is a method used to determine the staffing level needed to maintain vehicles. It was developed by the US Air Force and is recognized by various fleet maintenance-consulting firms as one of the best guidelines for analyzing staffing levels. This method determines the average number of hours of maintenance and repairs a vehicle requires, and translates those into vehicle equivalents (VE). For example, a passenger vehicle requires approximately one VE (or 17.5 hours) of work per year, while a trash compactor truck may require 136 hours per year, which would be eight times the work of a passenger vehicle, or an equivalent of approximately eight VE's.

The VE ratio is determined by using the number of available annual mechanic hours. A full-time mechanic has approximately 1,750 hours available annually. This is determined by reducing 2,080 hours, which are annual hours under a 40-hour week, by the average number of vacation days, holidays, and sick days. The available hours are divided by the maintenance requirements for one passenger vehicle to determine the industry standard VE ratio of approximately 100 per mechanic.

Based on the makeup of the city's fleet, the team calculates that Ocean City has a VE of 475 or 8,312.50 maintenance hours equating to approximately 4.75 full-time staff (FTE). As already discussed, the city's current staffing level dedicated to vehicle maintenance is six full-time employees in mechanic titles, one laborer and one director. Therefore, it appears the fleet maintenance function is overstaffed by approximately 2.25 FTE.

In addition, the city has three full-time staff in supervisory/senior positions to manage a total of six other staff, the four mechanics, and laborer and to some extent, the welder.

Recommendation:

The team recommends that the staffing level be reduced from the current eight full-time positions to six full-time positions. Based on the size of the city's fleet, an appropriate staffing complement would be one laborer, three mechanics, one assistant garage foreman and one garage foreman. The foreman should concentrate on management matters but still spend approximately 20-25% of his time dedicated to repairing/maintaining vehicles. All mechanics should dedicate their time to "turning wrenches," the laborer can do tasks such as oil, lube and filters, not dissimilar to the "quick lubes" currently prevalent in the private sector. The assistant foreman should also concentrate on repairing/maintaining vehicles but fill in for the foreman in his absence. The team calculated the potential savings of the staff reductions utilizing the position values for one mechanic (\$52,838) and the senior mechanic (\$63,532).

Cost Savings: \$116,370

Cost of Operations

The 1998 position value for the entire fleet maintenance function was approximately \$540,735 (\$402,772 salary plus \$137,963 in direct benefits including health benefits, pension, Medicare, and social security). According to the payroll information, there was no overtime paid in 1998, but there was a line item of \$3,850 titled “special” and \$3,600 for uniform allowances making the approximate staff cost \$548,185. Of the total position value, \$433,496 was for the four mechanics, supervising mechanic, senior mechanic and director. There was also \$2,750 for special and \$2,700 for uniforms for the mechanical staff.

The 1999 municipal budget shows an appropriation of \$85,898 for “other expenses” during 1998 for fleet maintenance. A small portion of that can be attributed to the repair of the four vehicles assigned vehicle maintenance.

According to the director, departments are charged for parts. The costs of parts are outlined in the director’s monthly activity reports. A summary of the reports, by function/division, follows:

Department	1998 Parts Costs
Police	\$19,161
Fire	\$15,749
Beach Patrol	\$4,690
Code Enforcement	\$352
Traffic Maintenance	\$1,857
Public Works, Community Service, etc.	\$79,583
Total 1998 Cost	\$121,392

It appears then, based on the above derived from internal city reports, that the direct 1998 cost of the fleet maintenance operation is approximately \$646,236, as depicted in the following table:

Category	Amount
Position Value of Mechanics	\$433,496
“Special Costs”	\$2,750
Uniforms	\$2,700
Maintenance Operating Expense	\$85,898
Parts for all Departments	\$121,392
Sub Total Maintenance Costs	\$646,236
Hours Available	12,250
Cost per Hour	\$52.75
Cost per Vehicle @196 Vehicles	\$3,297

A labor rate analysis for the fleet maintenance staff, including the supervisory staff and the director, was performed. This is done to determine the cost effectiveness of the operation against repairs done by a private vendor. The analysis was based on the costs provided by the director and payroll information. By dividing the direct costs (\$646,236) by the number of hours the staff is available (seven staff, excluding director, times 1,750 hours per year or 12,250), the team calculated the cost per hour to be \$52.72. The hourly rate is based on the best-case scenario since billable hours are not recorded. With incomplete repair order data, it was impossible to determine the number of hours actually spent by any and all staff repairing vehicles, therefore this hourly rate is artificially low.

The team performed a similar calculation (\$646,236 divided by 196, the number of vehicles) to approximate the cost per vehicle, or \$3,297 per vehicle.

The team reviewed the salaries of the fleet maintenance staff and compared them to the salaries paid by the state to its fleet maintenance employees for positions with similar responsibilities. The comparable salaries are skewed for the senior and supervisory positions because the state fleet is hundreds of times larger than the city’s fleet. The following table provides a comparison:

STATE POSITION	Comparable City Position	State Salary at Top of Range	City Staff 1998 Salary	Difference between state and city salary
Mechanic Helper	Laborer	\$27,719	\$33,437	+\$5,718
Mechanic	Mechanic Sr. Mechanic	\$37,905 x 5 \$189,525	\$37,922 \$43,719 \$40,808 \$40,808 \$40,808 \$204,065	+\$14,540
Asst. Crew Supervisor Mechanic	Supervising Mechanic	\$39,926	\$50,544	+\$10,618
Crew Supervisor Mechanic	Director	\$43,725	\$52,728	+\$9,003
Total		\$300,895	\$340,774	+\$39,879

It appears that even if every employee were at the top of his range, the total base salaries exceed that paid by the state by nearly 13%. If the salaries were adjusted to reflect the salaries paid by the state, the city could save \$39,879. Note: no portion of the salaries of the two positions recommended for elimination under vehicle equivalency is included in the estimated savings.

Preventative Maintenance Program

The city has a preventative maintenance program, but the management controls are weak. City staff assigned vehicles are responsible for taking the vehicles to the garage for preventative maintenance. The program dictates that this is to occur every 3,000 miles for vehicles, or 200 hours for diesels. The director tracks the preventative maintenance program manually on a wallboard in his office. However, there is no consistent follow-up with staff to ensure the vehicles are checked at the appointed guidelines, and no mechanism in place to catch the vehicles that are not brought in.

Preventative maintenance (PM) includes the routine, scheduled inspection, alteration, and replacement of vehicle parts and fluids designed to correct conditions that may result in future mechanical failure. A good PM program enables minor problems to be found and repaired before they result in service disruptions and costly repairs, and also extends the life of a vehicle. It consists of detailed documentation of activities to be performed at a specific time or interval, designed to meet the operating characteristics of the different vehicle uses.

A properly implemented PM program not only increases the life of vehicles but also increases their availability, which is directly related to the number of vehicles required to meet the needs of the city. When more vehicles are available, fewer backups are required. This relates to lower acquisition and maintenance costs.

An example of how the lack of a clear, strictly enforced preventative maintenance program is having a negative affect on the municipal budget is the purchase of police vehicles; specifically the Crown Victorias used as marked cars. According to the director, the cars are replaced every 60,000 to 70,000 miles. A review of the vehicle list shows that there were 12 Crown Victorias assigned to patrol or police street sergeant (patrol supervisor). Four of the vehicles are 1996 models, four are 1997, and four are 1998. According to the director, the average number of miles put on a police vehicle a year is between 30,000 and 35,000. The city paid \$118,404 for the purchase of six new Crown Victorias in 1999 that were to be used to replace six police cars. Utilizing 30,000 to 35,000 average miles per year, and assuming the oldest cars were replaced, four of the cars would have had 105,000 miles and two, 70,000 miles. The benchmark utilized in other LGBR reports is that a reasonable expected life for a police patrol car, when properly maintained, is 100,000 miles, or more of patrol duty. The city could have avoided the purchase of two police vehicles if there was a strict preventative maintenance program in place saving the city \$39,468. While the team was able to quantify savings in this area it represents a small component of overall city vehicles. Logic would dictate that the savings, if carried to all city departments, would be substantially higher.

Recommendation:

The team recommends that the director, in conjunction with the municipality's senior staff, review and clarify the current preventative maintenance program. Savings identified in just the purchase of patrol vehicles are conservatively placed at \$39,468.

Potential Cost Savings: \$39,468

The team recognizes that the city, its geography and conditions, are unique in that it is a shore community with no highways, and that vehicles are continually in a stop and go mode. This type of use has been generally looked upon as being "hard" on engines, brakes and transmissions. Therefore, the city should ensure that all maintenance is performed in strict conformity with the manufacturer's recommendation schedule so that no warranty condition is violated. The city may wish to consider a somewhat shorter maintenance schedule during summer months when usage as well as wear and tear would be the greatest. Such a program, while more frequent, could very well more than pay for itself in extended useful life.

Recommendations:
Perform maintenance in strict conformity with the manufacturer's recommended schedule to ensure that no warranty condition will be violated.

Pre-trip Inspection Logs and Vehicle Usage Reports

Pre-trip inspection logs should be used on a daily basis. Used properly, they can help spot problems before the driver is on the road and eliminate preventable breakdowns and or unsafe conditions.

According to the director, the police do a visual inspection of the vehicle prior to the start of the shift. If they observe any problems, the vehicle is taken to the garage and a spare vehicle is picked up. They leave a note on the windshield explaining the observed problem. The fire department does the same type of a pre-trip inspection, in addition to inspecting all equipment every Wednesday. The public works department does a pre-trip inspection of sorts, but there was some speculation that the reports were not taken seriously.

Vehicle usage reports provide information on who is using each vehicle, purpose for the trip, where the vehicle has been, and the beginning and ending mileage for each trip. It also provides data on how often it is used. Data from this report can be used to determine if vehicle/equipment inventory levels are adequate, or if the unit is under-or appropriately utilized. Based on historic trends, proper inventory levels can be established. It did not appear to the team that vehicle usage reports were available.

Recommendation:

The team recommends that the director, in conjunction with the municipality's senior staff, create a standardized form to be used as a pre-inspection log. There should also be a standardized usage report which staff should be responsible for completing each day and turning into the business administrator on a periodic basis.

Performance Standards and Mechanic Productivity

Management does not use performance standards and benchmarks to monitor productivity. Direct labor is time recorded for the performance of actual repairs, i.e., turning wrenches, as opposed to indirect labor which involves other functions, e.g., running for parts. Without the benefit of performance standards or benchmarks, management cannot be assured that each mechanic is working to his/her fullest potential.

Salaries are the single most expensive item in a maintenance operation making mechanic productivity the foundation of any efficient operation. The key to efficiency is maximizing productivity. In order for an operation to be efficient, 90% to 95% of each mechanic staff member's time must be spent actually working on vehicles (direct labor).

An important component of maximizing productivity is the utilization of a computerized fleet management program that could provide the city with a host of features at the touch of a button. Some features available from many systems are: fleet inventory, complete maintenance and repair history, printing and control of work orders,

automatic PM and inspection scheduling, customized PM checklists, parts, labor/mechanic productivity, tire and component costing, work pending records, fuel, oil, fluid history and consumption, and work in progress.

In addition, with the ability to track direct labor hours, a program allows the management to gather data on the performance of each mechanic. With this data, management can determine if each mechanic is meeting performance standards (once established), or if problems exist, and/or if training may be necessary. As shown previously in the labor rate analysis, monitoring labor hours is critical in determining the cost of any operation.

The city does currently have a computerized data program that is utilized by the director. However, based on information provided to the team, that program is inadequate in that it does not provide nearly as much information as outlined above. Also, during the period the review was being conducted, the modem at the garage was not working so the director had to go to the police station to enter any data, which resulted in an inefficient use of his time.

The director keeps a record of all repairs via a manual work card system. There is a file for each vehicle. As mentioned, PM is recorded on the wallboard. Neither of these methods provides cost data, particularly relating to the mechanics' efforts or parts.

Recommendations:

The team recommends that the city establish performance standards for personnel working in the fleet maintenance function to ensure that the city is getting maximum output from the mechanics.

In addition, the city should purchase and utilize a work order system that is accessible at the service garage. All tracking of small engine repair and maintenance should also be performed via this system. The team estimates the cost of the purchase to be approximately \$10,000 (\$2,500 for the hardware and \$7,500 for the software). It should be pointed out that the team is aware of systems that are available for less cost, however, in order to avoid underestimating cost we have utilized that which the team actually feels is high.

One-time Value Added Expense: \$10,000

Facility

The necessary elements for a safe and productive maintenance facility are ample parking, work and storage areas, and appropriate shop tools and equipment. The facility should comply with EPA, OSHA and other state and federal regulations. It should be operationally safe, efficient and effectively utilized to minimize fleet costs. Inadequately designed facilities will contribute to lower productivity, increased backlog, diminished vehicle availability, and increased maintenance costs.

The team had several observations regarding the facility, some of which have already been discussed. Other observations included insufficient workspace for the workload and equipment, no clearly defined bays (minimally two per mechanic) because of layout, dirt and clutter. It was difficult to maneuver through the shop. The tool room was too small to store tires and properly secure equipment. There were some safety concerns also noted including shields missing from grinder stations and no visible eye wash stations. The team is confident, however, that these items will be addressed in the construction of the new public works facility, which includes accommodations for a garage. However, should this new proposed facility not be acquired it is essential that the city address these concerns with the urgency and importance they deserve.

Small Engine Repairs

As discussed under the public works section of this report, the team recommends that the small engine shop be relocated, physically and organizationally, to the fleet maintenance function. The small engine shop is responsible for maintaining 294 pieces of equipment, which would equate to sufficient work for one FTE. The team anticipates that incorporating the small engine function into fleet maintenance would not affect any of the discussion above regarding staffing because there would be one staff member moving with the function.

Private Work Performed

During the course of the review, the team was advised that work was performed and services provided by some municipal employees on privately owned vehicles. These services involved normal routine service, new tires, washing, waxing, and fuel, to name a few. It was represented to the team that these services were provided regularly. While LGBR does not investigate allegations of this type, the frequency and sources of the information dictates it being mentioned.

Recommendation:

The city should establish a comprehensive policy and practice of prohibiting any work on privately owned vehicles at any time.

ECONOMIC DEVELOPMENT

Staffing

The Economic Development Office (EDO) is part of the department of administration and reports to the business administrator. An economic development director (EDD), whose official title is aide to the mayor, and one staff person, whose job title is urban initiatives coordinator, staff the office. The position value of the EDD is \$71,645, combined with the \$41,746 position value of the UIC, brings the total cost to \$113,392. Operating expense for the office as an average over the most recent three years is approximately \$1,500. In reviewing city records, it is evident that the city is not reflecting the salary of the urban initiatives coordinator in this department.

Recommendation:

The city should reflect salary and wage expenditures as well as operating expense in the department in which the expense takes place.

Given the level of commerce that is taking place in Ocean City, the function of economic development is somewhat misleading as it relates to this office. The team's observations seem to reflect that this office is more of a facilitator of programs rather than initiator of new business development.

SID

The city currently has two Special Improvement Districts (SID). One is located on the boardwalk and the second in the traditional downtown area. A SID is a specified area made up of businesses that contribute to a special fund that is used to improve the "business neighborhood." The businesses agree to utilize these funds to pay for services they agree will enhance the business atmosphere. These could include, but are not limited to, streetscape projects, security or promotions. The EDO plays a critical role in both of these districts and acts as a liaison between the district and the city in this regard. This role of the EDO is to:

1. Serve as advocate for economic development.
2. Act in a leadership capacity to assure that the values of the community are articulated and that sufficient resources of the city are devoted to measures that maintain those values.
3. Assure that the city's infrastructure is capable of supporting the needs of the residents and visitors of the community.

4. Develop multi-year capital plans and sub-elements based upon careful research and analysis and up-to-date information employing a four stage approach of concept, design, finance, and build (or study, design, finance and implement).
5. Form partnerships with appropriate state and federal agencies to maximize funds for major capital undertakings and appropriate sufficient local funds to assure a safe environment while maintaining the financial integrity and favorable credit rating of the city.
6. Develop project teams with the knowledge, experience and capability of managing and carrying out the capital projects selected in an efficient and cost-effective manner while adhering to all laws and regulations and the policies of the city.

Main Street

During the course of the review the New Jersey Department of Community Affairs named Ocean City as a Main Street New Jersey Community. A significant aspect of this program is that assistance that would otherwise be unavailable to an individual business due to cost is now within reach. The businesses located in the Special Improvement District (SID) can participate in the program and it is anticipated that the Business and Neighborhood Development (BAND) Program will be enhanced by this new addition.

The team has observed other communities in New Jersey that have participated in this program and has found that Main Street complements other programs with positive results. The state DCA will assist the city and its businesses in the following ways:

- assistance with marketing and promoting the downtown as a shopping destination;
- provide architectural assistance for façade renovations;
- assist small businesses getting started; and
- provide workshops and seminars through the Downtown Revitalization Institute.

The team commends Ocean City for its participation in New Jersey Main Street program.

Neighborhood Preservation Program

This office also coordinates and participates in the Neighborhood Preservation Program (NPP). This program provides funding and assistance to improve housing and neighborhoods through community-based planning approaches. Eligible municipalities apply for financial assistance from the Department of Community Affairs. The program should be consistent with the State Plan's revitalization goal(s). This program requires the appointment of a coordinator to administer the NPP. The administration of the NPP is the function of the urban initiatives coordinator with funding for this person provided by DCA. The team, however, is not convinced that there is enough work for this person to devote full-time attention to the NPP. Therefore, the team believes that this position could be eliminated and the workload transferred to existing staff.

Recommendation:

Eliminate the position of urban initiatives coordinator with the workload assigned to existing staff to be paid by the NPP funding, resulting in savings of \$41,746.

Cost Savings: \$41,746

PLANNING AND COMMUNITY DEVELOPMENT

The division of planning and community development is currently part of the department of community services. A full-time director, a technical assistant land use, and a clerk typist staff the function. At the time of the review, the full-time zoning officer position was vacant, although the city was attempting to fill the position. The most recent re-examination of the master plan occurred in 1995. Because the plans must be re-examined every six years, the city will be undergoing the re-examination process in the near future.

LGBR will not comment on the implementation of the Land Use Law, N.J.S.A. 40:55D-1 et. seq., except to note that Ocean City works carefully with both the state and the county to ensure that planning efforts address the unique character of this barrier island community.

During the course of the review, it became apparent that there are several critical zoning and planning issues facing Ocean City. The recurring issues are:

- Over-development.
- Multiple dwellings replacing single-family homes.
- Business needs including parking, space, boardwalk, facade development, and location.
- Environmental protection.
- Traffic circulation, access and egress from the island and transportation alternatives.
- Flooding, beach protection, and Green Acres (open space) funding.
- Preservation of historical properties and related interests of community groups, real estate interests, and the taxpayer.

It was apparent that the planning and zoning boards, governing body, and city administration are acutely aware of these issues and have agreed to actions to alleviate some of the concerns. As the result of a 1987 study, the city determined that blocks historically comprised of 60% or more of single-family homes would retain single-family designations, while blocks containing greater than 40% two-family dwellings would retain two-family designations.

The 1988 master plan incorporates these concepts and establishes goals and standards. The significant points of the 1988 master plan include:

- Encourage municipal government to promote long range plans to enhance safety, health, and general welfare.
- Protect the public from both natural and man-made disasters.
- Encourage public and private use of funds in an efficient manner.
- Preserve the city's resort character and posture as a recreation resource, including protection of beach and bay resources.
- Support upgrading of housing through increased code enforcement.
- Promote open space conservation wherever possible.
- Encourage the preservation and restoration of historically significant buildings and sites.
- Encourage economic development via existing businesses and investments in future opportunities.

In addition, the plan outlined certain capital improvement projects, which included:

- Road reconstruction and curbing installation.
- Major beach replenishments in partnership with state and federal agencies.
- Control of tidewater infiltration.

- Dune reconstruction.
- Boardwalk restoration.
- Renovations of City Hall and the Music Pier.

In 1995, the city revisited the master plan and stated some concerns in the area of housing and economic development. In addition to creating some new goals for the city, the 1995 re-examination expanded the previous goals to include:

- Reinvestment in the 3rd to 15th Street area.
- Continued support of the rail line and airport.
- Aggressive acquisitions of beach front areas with Green Acres Trust Fund money wherever possible.
- Acquisition of the Wheaton property to insure public access to the bay.
- Creation of the Historic District.
- Upgrade of city ordinances and regulations to support improvement of the city's physical and visual quality.
- Promoting alternative means of transportation.
- Investigation and development of plans to provide adequate parking at all times of the year.
- Maintaining a sense of history and tradition by encouraging historic preservation.

The city has taken many hours to study its long-term goals and objectives. The team believes that this effort would be enhanced organizationally by creating a "Department of Planning, Zoning, and Economic Development." This would place the planning director in charge of the many activities already outlined, but also include the enforcement of the uniform construction code and economic development. The director could report directly to the business administrator and avoid some of the layering now evident in the department of community services. During the last five years, the city has had vacancies in planning director and zoning officer positions, which has led to instability and lack of direction. This condition has had an adverse effect upon this department and the planning and zoning function. Therefore, we believe that this new structure will provide the appropriate management in an area where there are genuine concerns about future development. LGBR does not believe any material costs would be involved with this change, although contractual language currently in place could affect salaries.

Recommendations:

Establish the department of planning, zoning, and community development with direct access to the business administrator. Make every effort to maintain the position of zoning officer in a full-time capacity. Place the division of uniform construction code under the director as well as the newly established housing division. It is suggested that Ocean City make the current planning director position into a full department head.

Develop a long-term strategy to address parking issues by consulting with community groups, businesses, the Greater Ocean City Chamber of Commerce, the Boardwalk Merchant's Association, Special Improvement Districts and interested parties. Study the need for parking meters, timed parking, lot coverage, and parking garages to address future parking problems as well as revenues.

Routinely involve all community resources in the notification process prior to proposed changes in the zoning regulations. Make an effort to notify all taxpayers of pertinent issues by means other than just through the formal legal notification process. One method whereby this can be accomplished is by utilizing the newsletter proposed in the recreation section of this report.

Take steps to reduce the number of variance requests currently being heard by the zoning board. Update ordinances to comply with regulatory changes.

Applications

The following is a summary of applications for each of the boards:

Year	Zoning Board Applications	Planning Board Applications
1997	120	23
1998	104	19
Totals	224	42

LGBR was provided with a 1997 variance report outlining the various types of requests submitted to both the zoning board and planning board. A summary of those findings follows:

1997 Data

Type of Zoning Variance	# Approved	# Denied	% Approved
Use	26	6	72%
Height	35	1	97%
Lot Frontage	17	2	89%
Lot Area	13	2	87%
Rear Yard	25	2	93%
Side Yard	14	2	88%
Front Yard	18	4	82%
Lot Coverage	14	1	93%
3 rd Habitable Story	5	0	100%
Subdivisions	8	2	75%

Fees and Revenues – 1997 & 1998

The following provides a brief summary of fees collected:

Year	Planning Appl.	Planning Esc.	Zoning Appl.	Zoning Esc.	Total Fees
1997	\$5,615	\$13,009	\$22,445	\$65,945	\$107,014
1998	\$7,245	\$26,865	\$23,042	\$65,396	\$119,106

This summary provides an indication of the type of work directed to the zoning board for its review. At a zoning board meeting the team attended, it was clear that the members are asked to review recommendations and site plans on a much higher level as compared to an average town of 18,000 yearly residents. As a result, this citizen board deserves recognition for its long hours of review and comprehensive oversight of the present zoning laws as they apply in Ocean City.

The team found that there is a degree of misunderstanding regarding zoning regulations and their interpretation and application. This condition is not uncommon in municipalities throughout the state. However, the team believes the arrival of a full-time planner and zoning officer should improve communications and help citizens better understand current codes. In addition, the planner was in the process of reviewing current regulations in order to simplify rules and reduce the number of applications directed to the zoning board. The team supports this effort and feels that this effort is well-conceived and a step in the right direction.

During the review, various individuals and community groups met with members of the team to discuss what is perceived as the over-development issue. Basic to citizen perception were issues concerning infrastructure capability, historical preservation, the property tax base, and overpopulation. Central to these arguments were concerns relating to conversion of single or duplex homes into condominiums and the additional problems inherent in such conversions.

LGBR will not attempt to discuss these issues in the context of the political atmosphere inside Ocean City. Both state and county planning professionals are looking at areas of Cape May County to ascertain their degree of development and assign appropriate designations. These designations will be consistent with the State Development

and Redevelopment Plan. LGBR recognizes and appreciates the concerns related to water, sewer, traffic, safety, and increased service demands. As a result of these issues, we believe Ocean City should seriously consider the following matters:

- Ability of the Cape May County Utility Authority to process increased effluent flow on the island as the result of the large fluctuations in population especially during the summer months and holidays.
- Effect of sewage outflow on nearby environmentally sensitive areas such as the marshlands, bay, and ocean.
- Current contractual arrangements with New Jersey American Water regarding repair, replacement and upsizing of water and sewer lines throughout the island as service connections increase.
- Ocean City's ability to provide emergency evacuation routes in case of a natural disaster with the possibility of over 150,000 or more people on an eight-mile barrier island.
- Increase use of the BOCA housing regulations to restrict and prohibit illegal conversion to living space.
- Continued use of Green Acres funds to secure additional open space where reasonable and appropriate.
- Perform a comprehensive and serious review of significant historical properties in the city with close cooperation with the Historical Preservation Commission to determine the appropriate sites to preserve in order to maintain the flavor and history of the community.

Recommendations:

Review the master plan with all appropriate community groups, homeowners, builders, real estate business people, and professional planners to determine if current regulations adequately address the concerns raised by conversion of single-family areas into multi-family areas.

Work closely with the Historical Preservation Commission to insure the cultural heritage of the city is not lost.

Adopt and enforce the BOCA Housing Code to ensure safe and proper improvements, reduce violations, and restrict illegal conversions.

During the course of the review the state was conducting a cross acceptance process of an update to the State Development and Redevelopment Plan (SDRP). The importance of this plan and Ocean City's relationship to the plan cannot be overstated. The SDRP will, over time, become more of a factor in the state, making funding and regulatory decisions. Various state agencies are already using this plan in formulating future plans. The city should recognize this factor and take an active role in the cross acceptance process and consider "center designation."

Recommendation:

The city, with the county, should take an active role in cross acceptance of the SDRP and consider seeking center designation in order to ensure compliance with the SDRP and enhanced funding opportunities.

CONSTRUCTION CODE ENFORCEMENT

Staffing/Organization

Code enforcement is a function of a division in the department of public safety. According to the organizational chart provided to the team, the division is responsible for inspections and plan reviews relating to enforcement of the New Jersey Uniform Construction Code (UCC), zoning and property code inspections, issuing building permits, zoning notices, and flood plan enforcement.

The director provided the team with copies of summary reports he routinely prepares. The reports detail the activities of the office, including permits, fees collected, and the Uniform Construction Code Annual Report.

The city is experiencing tremendous growth in housing construction which directly affects the workload of the code enforcement staff. The reports provided by the director indicate that the number of permits issued has grown from

1995 when 2,276 were issued to 2,548 in 1998, with a dip of 59 permits between 1996 and 1997. There was an approximate 12% growth in the issuance of permits over the four-year period.

The following table shows the revenues collected and estimated expenditures as reported to the New Jersey Department of Community Affairs in the city's Uniform Construction Code Annual Report.

	Revenues	Expenditures	Rev. In Excess of Expenses (\$)	Rev. In Excess of Expenses (%)
1996	\$488,441	\$436,047	\$52,394	11%
1997	\$615,741	\$469,009	\$146,732	24%
1998	\$676,432	\$578,193	\$98,239	15%

While it appears that the fees are set in such a way as to provide more funds than necessary to enforce the UCC, plus a reasonable administrative cost, staffing analysis provided by the New Jersey Department of Community Affairs (DCA) indicates that the office is understaffed. The DCA analyzed the required staffing complement based on the number of permits issued in 1998 in two ways. First, the city was considered as a normal density municipality, meaning roughly that construction conditions, including types and frequency of permit applications, were similar to those of a typical municipality. The second analysis considered the city as a "high" density municipality, meaning that there is a good deal of activity that requires many inspections.

The following table provides the current staffing level versus the DCA formula.

Position	1998 Actual FTE	DCA Normal Density	Difference	DCA High Density	Difference
Construction Official	1	1	0	1.0	0
Electric Sub	1	1.3	.3	1.6	.3
Building Sub	1.60	3.4	1.8	4.3	2.7
Fire Sub	.60	.8	.2	1.0	.4
Plumbing Sub	1.5	1.3	.2	1.6	.1
Office Control	3.0	4.4	1.4	5.7	2.7
Totals	8.7	12.2	3.9	15.2	6.2

The code enforcement staff is commended for being able to maintain the code enforcement operation with limited staff resources.

Recommendation:

The team recommends that the city increase its staffing level in the code enforcement function to the level indicated in the DCA analysis. The city should review the fee ordinance to ensure that the fees are sufficient, but not excessive, to cover all reasonable costs associated with the expanded staffing.

Engineer

Ocean City contracts with a local private firm for engineering services. Discussions with the firm indicate that most of their work is in zoning, drainage, and roadwork. In addition, the firm performs the inspections for much of the work done in Ocean City.

Both the city engineer and the administration emphasized that a great deal of work is contracted to various other engineering firms, such as a recent project involving a new public works facility.

The team observed that Ocean City also sends some of its planning and zoning review work to outside sources as well as engineering design work. The present public works director is a licensed engineer, and the city should consider designating the director the city engineer, and use the city planner for planning and zoning except where engineering services are required in this field. This arrangement would not prohibit the city from seeking outside specialists to handle unique projects, but more efficiently utilizes existing city staff.

Recommendation:

Limit the practice of outsourcing engineering and utilize existing licensed city staff to serve as city engineer. While the actual amount of savings can only be estimated due to the fluctuating costs the city has incurred, the team estimates conservatively that \$75,000 could be saved. The city should further expand the duties of the current planner and place most zoning and planning matters in this office.

Cost Savings: \$75,000

Functions

At the time of our review, LGBR met with the city engineer and a representative of his firm to identify some of the most pressing issues before the city from an engineering standpoint, and they articulated the following areas:

- Development;
- Infrastructure needs including roads and drainage;
- Flooding;
- Beach Replenishment; and
- Boardwalk Widening.

In addressing these issues, the city was focused on controlling new development and avoiding over-development. The engineers pointed out that although zoning can address some of the concerns, many of the resident concerns are about architectural esthetic matters. During the review process, the city was working with the city engineer to modify existing zoning regulations.

According to the city engineer, the infrastructure surrounding sewers and treatment is sufficient based on information supplied by the Cape May County Municipal Utility Authority although questions were raised regarding infiltration resulting from flooding and newer manhole covers. Discussions were held with the city engineer regarding road openings. At present their only involvement includes final inspection. However, he agreed that road openings were of major concern to the city with various vendors doing much of the work as contracted through South Jersey Gas and New Jersey American Water. Some discussion evolved regarding city contracting of road re-paving to assure a quality job under specified conditions. Contractual arrangements with current contractors could impact on such an arrangement.

Discussions were also held concerning flooding, the National Flood Insurance Program, and the city's environmental office. The engineers have done some work to mitigate continual flooding but indicated that much of this problem is brought on by sea level problems throughout the city. In some cases, check valves have been installed in drainage pipes to alleviate reverse flow during extreme high tides and heavy rains. In certain instances, the engineer has only identified the problem and possible costs to alleviate the condition. The engineers also indicated that they perform work for the city enabling them to apply for reductions in citywide flood insurance as stipulated by the federally run program. (The environmental office also took credit for some of this work.)

The city has done some minor work in providing additional studies for beach replenishment and its continued need on the island. Along with this work, the engineers were working with the city in preparing applications for DEP regarding boardwalk expansion over a dune area.

Recommendations:

Utilize the city engineer during the selection of other firms by making them aware of the projects to be presented to the governing body.

Enable the city engineer to study the process of bidding street re-paving to the lowest bidder meeting city standards and still meeting obligations under contracts awarded to South Jersey Gas and New Jersey American Water.

Involve the citizenry in discussions with the engineers regarding flooding, to promote understanding of the long-range nature of the problem.

Permit the city planner to invite all interested parties to discussions involving long-range and short-term zoning changes.

Work closely with County Planning and State Planning to insure a progressive development of the island in light of the re-examination of the Master Plan and the State Development and Redevelopment Plan.

MERCANTILE LICENSES

The city currently has a Mercantile License Ordinance, which provides for the issuance of a license that grants the licensee the privilege of operating in Ocean City. The office of mercantile licensing collects these funds, and is located in the police division in the department of public safety building. Total revenue collected during 1998 appears in the following chart.

Mercantile License * Fee	\$282,124
Tourist Develop. Fee	\$163,694
Rental Reg. Fee	\$155,200
Street Opening Permits	\$137,820
Police Report Fees	\$67,055
Tow Impound Fees	\$18,533
Total Revenue Collected	\$824,426

*Includes all types of mercantile licenses

Staffing

Staff in this office consists of one clerk and one inspector. Sworn police personnel provide supervision. The total cost of this function was included in the salary and wage and police division operating expense line items. Position value of the staff exclusive of supervision is \$113,850. Assuming an operating expense of \$5,000 annually the total cost of this function is estimated to be approximately \$119,000.

The Mercantile License Ordinance as it is currently written provides for a schedule of license fees ranging from \$100 to \$1,000. The amount of fee charged is contingent upon the type of business being licensed. Based upon information provided to the team, it was determined that the average license fee is approximately \$132.

As a general comment regarding fees, the team will point out that while it is certainly appropriate for municipalities to impose and collect fees in order to generate revenues to cover the costs incurred by such municipalities in either regulating activities or providing services, it is inappropriate for municipalities to impose fees for the purpose of generating revenues for purposes other than deferring the costs incurred by the municipalities in either regulating activities or providing services. In fact, the imposition of and collection of fees, which generate revenues in excess of the amounts necessary to defer such costs, are subject to legal challenge.

Recommendation:

The team recommends that the city consider a simplified fee structure as it relates to mercantile licenses that will retain the current revenue stream but be easier to understand and administer.

The team further recommends that the city review its entire fee structure with the city attorney, and all other appropriate financial personnel, to ensure that the fees being imposed by the city, and the revenues being generated by the imposition of such fees are reasonably related to the costs incurred by the city in either regulating certain activities or providing services for which the fees are charged.

The current ordinance, in addition to the license fee, provides for a fee of 50% of the license or \$50, whichever is less, to be paid by separate check. This additional fee is then turned over to the Ocean City Tourism and Development Commission (OCTDC) for use in their programs. The city does not retain any portion of the fee collected to cover costs incurred in providing this function. As reflected above, the amount collected and remitted to the OCTDC for 1998 was \$163,694.

Taking the above into consideration, the team has determined that the total cost to the average business in Ocean City is \$182. This is, of course, exclusive of rental registration, which is addressed in detail elsewhere in this report.

In reviewing this function, the team recognizes that it is basically a revenue-generating center for the community. Therefore, the team feels that this office should be relocated to the office of the city clerk, in order to more centralize this function, avoid duplication of clerical services, and enhance centralized collection of revenue.

Recommendation:

Relocate the revenue collection and application function for mercantile licenses, the tourist development fee, rental registrations and the street opening permits to the office of the city clerk. This office is already performing a similar function and staff is sufficient to absorb the additional workload. The police services division should administer the collection of police fees and tow/impound fees that are directly related to the police division. The inspector and clerk can be transferred to the newly formed rental registration and inspection function detailed elsewhere in this report. The sworn officer currently supervising this department can be better utilized performing more police related duties. This will have an additional beneficial effect by enhancing the centralized collection in city

hall. In this manner, the collection of the aforementioned revenue will be reduced in the police division building. Once all information relative to the appropriate license or application is complete and the fee paid, the information needed to be disseminated to other departments may be accomplished via email or fax.

Code Compliance

In addition to the mercantile licenses, also located in the police division building is the office of code compliance.

Staffing

This office is staffed with one clerical person and two inspectors. The total position value of these individuals is \$160,115. As with the mercantile licenses, the costs of this office are included in the salary and wage and police division operating expense line items. Assuming an operating expense of \$5,000 annually, the total cost of this function is estimated to be approximately \$165,000, exclusive of any direct supervision by police personnel. The total cost of operating both the mercantile license office and the code compliance office equals approximately \$284,000.

The function of this office is to enforce solid waste issues, recycling, refuse issues and answer complaints.

The team feels that the function of this office should be relocated to the newly created housing division in order to centralize this function, and avoid duplication of inspection and clerical services.

Recommendation:

The team recommends that staff in this office and the clerical person be transferred to the recommended housing division to perform rental and property maintenance inspections. The housing division can perform all functions currently being performed by this office.

EMERGENCY MANAGEMENT

Ocean City's Office of Emergency Management (OEM) has developed an Emergency Operations Plan as required under the Emergency Management Act, N.J.S.A., Appendix A:9-30 et. seq. In April, 1996, the New Jersey Department of Law and Public Safety, Division of State Police, Emergency Management Section, approved the city's plan. The plan, which must be updated annually, sets guidelines and procedures for dealing with natural disasters. Considering the potential for natural disaster on an island resort community such as Ocean City, being prepared for any eventuality is particularly important.

The director of public safety has been designated the emergency management coordinator for the city. Three additional individuals, a captain of police, the manager of parks and grounds and the municipal park superintendent, play an active part in the emergency management program. All three are FEMA certified and indicated that they periodically attend FEMA classes offered through the county and the New Jersey State Police. Based on information provided it does not appear that the emergency management coordinator is certified or attends classes on the emergency management program.

The supporting OEM individuals receive combined payments of \$16,000 in stipends: \$6,000 to the captain of police, \$6,000 to the manager of parks and grounds and \$4,000 to the municipal park superintendent. It should be noted that the actual payment to the captain of police during 1998 was only \$3,000 because he served in that position for only half the year. Therefore, while the annualized amount is \$16,000, the 1998 total was actually \$13,000. The

team is familiar with other communities that utilize fire personnel for these types of services due to their availability during the workday.

Recommendation:

The team recommends that the practice of paying stipends be discontinued. The team further recommends that fire department command personnel assume emergency management responsibility as they have extensive training in managing emergency operations. These individuals could absorb this function as part of their normal routine duties.

Cost Savings: \$16,000

In February, 1998, EM operations were activated as a result of a severe storm that threatened the North East Coast. Ocean City set their emergency management plan into effect. The administration held a departmental meeting shortly after the EM Plan was activated to insure that all departments had up-to-the-minute information and all of the active plan annexes were properly manned and ready for the approaching storm.

The Cape May Emergency Management Coordinator usually responds from the county dispatch center. It is at this location that all efforts are coordinated for the county. Information derived from a wide array of sources is disseminated to all police and fire representatives for the areas involved with the storm. The local agencies then report on the regional and local preparations that have to be set into motion. Each department then reports on their state of preparedness to county and state agencies.

There is a cooperative effort in place between Somers Point and Ocean City. Somers Point is one of the three evacuation points for Ocean City. Because of this, Somers Point Emergency Management has an on-going arrangement with Ocean City Emergency Management to coordinate evacuees from Ocean City to the mainland. In addition, Ocean City may store emergency equipment whenever an emergency is predicted. These two communities maintain close communications when a storm is expected in order to coordinate evacuation plans and equipment availability.

The team commends both the city administration and the emergency management team for their cooperation and efficiencies in the area. The team also commends Ocean City's Emergency Management for its close cooperation with Somers Point to shelter evacuees and protect emergency equipment.

WATER and SEWER

Ocean City sold its interest in the Ocean City sewer service system effective December 12, 1996, to New Jersey American Water (NJAW) located in Haddon Heights, New Jersey. As a result, New Jersey American Water operates the acquired sewer mains, various size pipes, manhole covers, and some of the pumping stations.

Since October 1, 1964, the city leased its operations to New Jersey American Water with acquisition rights to be determined prior to the conclusion of the lease in 1995 and any further extensions. At the time of acquisition, nearly 90% of the system had been acquired by NJAW through upgrades as provided in the lease provisions. Therefore, actual sale of the remaining assets amounted to only \$125,000. The purchase included:

- Sewer mains, sewer treatment systems, pumping stations, pumps, pipes, service lines, meters, and valves.
- Rights, title, and interest in, to and under leases or easements, contracts, agreements and documents pertaining to the sewer system assets.
- Causes of action and judgments related to any of the system assets.

The New Jersey American Water Company operates nearly all sections of the sewer system with the major exception of the plant itself and pumping stations. The Cape May County Utility Authority operates the sewer treatment plant.

Since the company operating the system is privately operated and also provides water to the entire community, the board of public utilities approves all rates. In addition, the Cape May County Utility Authority acquired the collection system from the New Jersey American Water Company in the late 1970's and signed a service agreement in 1981 following bond action to complete a new sewer treatment plant. According to the utility, those bonds will be paid off in approximately 2016 when they expect a new service agreement to be signed. Based on these events and subsequent improvements by both entities, the utility arranged to have New Jersey American Water process all billing for the entire island based on water use and potential sewage treatment of the same water.

LGBR determined there are some concerns in this area as identified by both community groups and individual citizens. These concerns appear as follows:

- current water and sewer rates;
- street openings caused by frequent upgrades and resultant traffic congestion during the summer;
- possible extension of the sewer beyond Ocean City boundaries and its treatment in Ocean City;
- capacity at the 46th Street sewer plant based on continued development;
- potential odors at the 46th Street plant and some of the surrounding pumping stations;
- possible affect of treatment on neighboring waters; and
- infiltration concerns resulting from water table problems including flooding and tidal basin issues.

Discussions held with the utility authority indicate that they are aware of the concerns affecting the sewer plant itself. However, they meet all DEP guidelines affecting capacity and additional "hook-ups." According to those sources, the wettest year so far, 1996, was used to study capacity for both additional development and potential addition of some businesses along Roosevelt Boulevard just outside Ocean City over the 34th Street Bridge. The chief engineer determined that capacity was well within limits. Certain questions do arise, however, since the plant discharges into the Atlantic Ocean relatively near community beaches. Despite residents concerns over this issue, the utility authority assured LGBR that the plant had the capacity to treat sewage and meet standards for affluent discharge. According to Ocean City groups, the beaches have only been closed a couple of times over the last three years.

Since New Jersey American Water has upgraded much of the system since 1964, it would appear much of the infrastructure should be capable of handling additional discharge. Development or over-development as perceived by some residents will have to be monitored over the long run since space certainly could accommodate additional motels and/or hotels. In addition, duplex development could flourish with triplexes or more if zoning permits.

Street openings are an issue for both the utility and water company, and LGBR made some recommendations in this area in the engineering section.

Odor problems seem to have been addressed at the main plant. LGBR made repeated visits to the area during the summer and only found minor problems on days with extreme temperatures and little wind. At least one of these stations was recently retrofitted to address some of these issues.

As stated previously, the board of public utilities approves rates. LGBR suggests that community groups form a rate committee to study requests and determine a proper approach to some of these requests. Concerted public debate has been a successful tool in addressing some of these concerns. Additionally, the water company offers meters to measure gallons not treated for sewage, thus offering the resident an opportunity to subtract gallons of water not subsequently treated at the sewer plant, such as for lawn and shrubbery watering and outside showers.

Tidal concerns and flooding are issues not new to Ocean City residents. LGBR believes infiltration in the Ocean City sewer system to be an on-going issue addressed by upgrades to the system such as caches underneath manhole covers and capacity in pipes when the system is not used efficiently. However, flooding will continue to be an issue.

Recommendation:

Establish a community rate group to determine the appropriateness of rate request increases.

Municipal Library

Staffing/Organization

The city's library is the only municipally operated free public library in the county, although there is a Cape May County Library system. The county library consists of seven facilities located throughout the county with the main branch in Cape May Courthouse.

The Ocean City Free Public Library leases approximately 55% of the Cultural Community Center, a building owned by the city. The building, which adjoins the city's Aquatic and Fitness Center, also houses the historic commission and art center. It was the team's observation that the library space is open, and bright, and, during any of the numerous visits to the library, there were always many patrons making use of the facility. That observation held true prior to, and after, the summer season.

The number of staff members ranges from 21 to 30, nine of whom are full-time. There are four support staff who are covered by a bargaining unit which is negotiated separately from the other municipal employees.

The library has an active friends and volunteers affiliation. The group's activities report for 1998 noted that the friends and volunteers donated more than 450 hours to the library in 1998. Many activities include: organizing book sales, representing the library at block parties, organizing bus trips, hosting author luncheons, purchasing a computer complete with internet access for one year, preparing and arranging books, telephoning patrons when reserved materials are ready, preparing displays, and taking books to shut-ins.

The seven-member board of trustees has written bylaws. A review of the library board of trustees meeting minutes indicates that the meetings are held monthly, and that the agendas and ensuing discussions are generally substantive and well attended by the members or their alternates. According to the bylaws and as confirmed by the director, three unexcused absences during a calendar year are cause for dismissal. The team noted that the public participated in some of the meetings, particularly the meetings at which the lease agreement with the city was being discussed.

Patronage and Circulation

Generally, the library is open a total of 72 hours per week. As noted, it was the team's observation on visits to the library that there were always several patrons utilizing the facility and materials.

The seasonal nature of the population and the tremendous growth that is experienced during the summer make it difficult to find relative comparative data regarding library usage, particularly as it relates to per capita circulation and costs. However, the team was able to compare key data regarding circulation and costs for libraries with similar expenditures using the Analyses of New Jersey Public Library Statistics 1997, published by the New Jersey State Library.

The average population of the expenditure group is 41,695 as opposed to the reported year round 15,661 for Ocean City, which skews the per capita comparisons. The year round population utilized in other sections of this report is 18,000. However, based on percentages of total expenditures, it appears that the library spends significantly less, as a percentage, on salary and wages (15.5 % less), and more on materials (5.9 greater) than the average for similar expenditure groups. The Ocean City Library is open 72 hours per week or 7.6 hours more than the average of the expenditure group. Total expenditures per hour open were \$290.30 while the comparative group is \$384.96. Also, the number of staff working per hour, or FTE, is .31 compared to .40. The total expenditure per circulated material is \$5.50 while the comparative group was \$7.16 or \$1.66 more than Ocean City.

The equalized valuation of the city exceeds the average by approximately \$500,000,000 or 18%. Having made the policy decision to have a free public library, it would appear that the library staff, under the direction of the board of trustees, is controlling operating costs while providing a service that is well-utilized.

The library is commended for maintaining fiscal constraints while providing quality service.

Financial

The library has a current written fiscal policy document which describes, among other topics, acceptable practices to be followed by the staff and board members relating to the receipt, deposit, and investment of funds, issuance of checks, payment of bills, preparation of the budget, and making lease payments.

The largest funding source for the library operation is the statutorily required 1/3 of a mill contribution from the city. During 1998, the library realized \$1,239,063 in revenues consisting of funds provided by the city (\$1,085,120), state aid (\$15,000), miscellaneous revenues including videos, late fees, photocopier, interest, donations (\$111,443), and state library grants (\$27,500).

The following table summarizes the 1998 expenditures. The figures were provided to the team in advance of the 1998 audit report.

<i>1998 Revenues</i>	\$1,245,989
<i>1998 Expenditures</i>	
Salaries	\$466,650
Employee Benefits	\$142,410
Library Materials	\$175,941
Insurance, Lease, Postage, Supplies	\$178,684
Utilities, Janitorial Services	\$51,797
Automation	\$71,894
Equipment	\$19,933
Advertising/Public Relations	\$2,581
Professional Services	\$4,785
Miscellaneous	\$1,134
<i>Total Expenditures</i>	\$1,115,809

As mentioned throughout this report, the city has enjoyed a tremendous growth in total tax assessments over the last several years. The city is required by statute to provide, as a minimum, a sum equal to 1/3 of a mill on every dollar of assessable property. As the total assessments in the city increases, so does the required allocation to the library. The situation the city is currently facing is unusual for many free public libraries. The allocation appears to be greater than what is required to efficiently offer the library services. This is reflected in the growing fund balance, which has increased 168% in the last six years.

A review of the library's annual audit reports reveals the following:

Year	Allocation	Fund Balance, January 1	Total Budget Expenditures
1993	\$824,410	\$184,156	\$841,103
1994	\$948,072	\$228,480	\$959,098
1995	\$1,051,616	\$289,245	\$1,024,500
1996	\$1,057,492	\$397,508	\$1,063,313
1997	\$1,065,268	\$495,061	\$1,053,852
1998 (Unaudited)	\$1,152,663	N/A	\$1,115,805
6 Year Growth	\$328,253	\$310,905	\$274,702
Percentage Increase	40%	168%	33%

The terms of the lease agreement with the city require that the library pay for all utility costs for the library. However, maintenance and repairs of capital improvements, such as the roof, HVAC system, electrical, and plumbing systems are performed by the city. The library receives its allocation from the city in quarterly installments. In return, the library issues checks to the city quarterly for health benefits, health insurance, life insurance, unemployment, pension, social security, Medicare, and payroll processing. The terms of the lease agreement require that the library pay a monthly maintenance fee of \$3,000 for the electricity, heat and air conditioning to the city. The fee is adjusted at year's end based on actual expenditures.

The library's director and the city's CFO both indicated a growing concern regarding the city's growing allocation requirements and the city's relationship with the library. The board's minutes reveal that there has been some lengthy discussions over the last year regarding the library's relationship with the city, particularly regarding lease payments, health insurance coverage, and the city processing the library's payroll function under its employer number.

City staff has been working closely with the library board of trustees and the library staff to consider options available to the city while ensuring that statutory requirements are met and the library has sufficient funds to meet its mission. The current option being considered is to update the lease agreement to reflect the rising property values in the city by basing the lease payment on a percentage of the city's required allocation.

The team commends the board of trustees, library and city staff in working toward creative solutions to meeting their statutory requirements and continuing to maintain excellent services.

Public Relations

Overview

The division of public relations is a component of the department of community services and is currently staffed with one full-time coordinator of public affairs, or coordinator of special events as defined in civil service terminology. The position value of this person is approximately \$80,789. At the time of our review, much of the "hard news" associated with the city was being processed through the business administrator's office. In addition to the staff already identified, the city employs approximately eight seasonal workers at a cumulative position value of \$17,465 for a total salary and wage position cost of \$98,254. In addition to the salary and wage costs, the city incurs operating expense of nearly \$83,000 for a total cost of approximately \$181,000. It should be noted that the funds identified here are derived from general appropriations and therefore general tax revenues. There are other funds obtained from alternate sources utilized to promote Ocean City as well. One such source is the tourism development fee, which is collected by the city through the auspices of the mercantile license office and ultimately disbursed to the tourism commission. In 1998, the total collected by the city for this purpose totaled \$163,194, and is in addition to the amounts referred to above. These funds are exclusive of funds derived and used in the two Special

Improvement Districts (SID). It should be noted that SID funds are derived and utilized exclusively within the specified SID.

The coordinator of this division has been a long time employee of the city, and has an enviable record of accomplishments in promotional activities. Recently, along with numerous volunteers, the Greater Ocean City Chamber of Commerce, and real estate groups, the city has been able to provide a series of year round activities to maintain the interest of vacationers, residents, and businesses. This office accentuates the positive aspects of the community and highlights the attributes of the city centering upon entertainment, recreation, and unique businesses that are present.

The team commends the work of the public relations coordinator and his ability to coordinate, liaison, and work with various community groups to promote Ocean City.

The Chamber of Commerce and the support and participation of local businesses have created a media-receptive atmosphere for local television and radio. As a consequence, the city has enjoyed a great deal of publicity from its boardwalk, beach, center city, and bay special events. The city has promoted itself under these circumstances, taking advantage of the Boardwalk Merchants Association, the Special Improvement Districts, the Motel and Hotel Association, and a bank in which the city has placed the majority of its funds, which provides daily news to incoming visitors in the form of electronic signage. While the results are enviable, the city spends a great deal to attain these results.

Recommendation:

While the team recognizes the positive aspect of having a full and part-time staff available to promote the community, the city may wish to consider alternatives that are less expensive and yet provide similar results. Few communities have individuals on staff that provide this type of service. Most engage private firms to provide this service. The city may consider soliciting a Request for Proposal (RFP) from private public relation firms that can provide the same service at a lesser cost.

At the time of our review, Ocean City had yet to create a website on the Internet. The Internet has become an essential medium that can be used to promote a community 24 hours a day. The team believes the city needs to work on this area of information. The chamber and realtors had created private websites, which were informative of city activities, but these sites are not an official "city site."

Recommendation:

Establish a city website to promote the city, its events, its recreational opportunities, its boardwalk, and, in general, its place along the Jersey Shore. This site has the additional advantage of encouraging communication via email and a means to market city recreational activities and beach tags.

As mentioned earlier, the city had traditionally focused "hard news" through a public information officer. This vacancy placed more pressure for news on both public relations and the business administrator's office. At the time of our review, the city was dealing with some of this news from issues involving the fire department, beach coverage, EMS, and other areas of city development including historical and planning issues. Most cities of 18,000 do not provide for this type of coverage. However, Ocean City because of its seasonal nature and large swings in population, needs to address this topic on a serious note. The team feels that the dissemination of this information through the office of the business administrator is appropriate.

Recommendation:

The office of the business administrator should be the focal point for general interest issues regarding Ocean City.

This division coordinates a number of city and private community events. It operates a public information building or Welcome Center on the 9th Street Causeway and another on the boardwalk. The division supplies various pieces of promotional literature through organizations as well as official city channels, and it works closely with local cable operators.

Examples of these activities include:

- Spring and Fall block parties;
- Night in Venice;
- First Night;
- Miss New Jersey Pageant;
- Trail of Two Cities;
- Doo Dah Parade;
- Summer Seafood Festival;
- Train and Doll Show;
- Baby Parade;
- First Day at the Beach; and
- Numerous craft events and a flower show.

The public relations division has done an admirable job of promoting the city using fundraising events, the chamber, various civic organizations, churches, governmental agencies, businesses, and volunteers to achieve a multifaceted approach to getting the word out on Ocean City.

Recreation Programs

The division of recreation programs is in the department of community services. The division, like other divisions in the department of community services, compiles an annual report. The report provides details regarding the programs, number of participants, and revenues collected.

Staffing

During 1998, recreation programs had four full-time, one part-time and 13 seasonal staff. The director has been employed by the city since 1973. In addition to the paid staff, the city relies greatly on volunteers to staff the recreation league activities.

Based on payroll information provided to the team, it appears that the recreation program staff costs for 1998 totaled \$227,815. Seasonal employees accounted for \$34,195. The permanent employees totaled \$243,620, which includes \$232,849 in position value (salary, pension, benefits, social security and Medicare), \$1,350 for uniform allowance, \$6,936 for overtime and \$2,485 for special and bonuses.

Programs

In addition to coordinating traditional recreation programs, such as sport leagues, the division sponsors, hosts and is support staff for the special events that take place in the city. Many of the special events are mentioned earlier and take place in various places throughout the city.

One program of particular pride offered through the division is the Surf Chair Program. The program makes special chairs available to traverse the beach. The chairs are specially fitted with large, bubble like wheels to make travel across the sand possible. The director of recreation noted in the 1998 annual report that during the 122 days the chairs were available, there were 1,249 participants in the program.

The city offers many traditional recreation programs for the residents. There are youth activities, as well as adult activities and many specialized programs, including summer camps, roller-skating, tennis and shuffleboard. There are charges associated with the programs, although all staff interviewed indicated that the programs were not intended to break even. The city staff actively solicits sponsors for the various activities. Also, as mentioned, rather than staff the leagues with city-paid staff, volunteers assist in the running of the recreation leagues.

The team discussed the city's outreach efforts with the director. A concern was raised regarding the lack of effort on the city's part to provide information regarding recreation opportunities to the property owners. Information was only available on a limited basis and generally upon request. The director confirmed that there is little effort made to inform seasonal property owners of the recreational opportunities. The primary method used is through the local school district.

The team discussed many possibilities with staff to expand the outreach efforts so that a larger portion of the property tax payers would be aware of the opportunities available to them and their families. Among the possibilities would be utilizing the website which contains other information regarding the city, inserting information with the preliminary tax bills, creating a pre-recorded message on a public information hotline, and creating a newsletter to be sent to all property owners on a quarterly basis. All of the options are viable and would improve the dissemination of information. However, the team is advancing the recommendation that the city distribute a quarterly newsletter as a first step in providing the property owners with a wider range of information relating to the city.

Recommendation:

As discussed throughout this report, the team recommends that the city initiate a newsletter as is done for the property owners in other shore communities. The newsletter should be prepared with and mailed to every property owner quarterly. This newsletter should include information regarding the recreational opportunities, beach badge sales, processes for registering rental units, music pier functions, etc. In addition to the newsletter the city should utilize, establish, and regularly update a web-site to disseminate the same information as mentioned elsewhere in the report. An appropriate office for coordinating the effort would be the business administrator's office.

At the time of the review, the city did not permit mail-in registrations for the recreation programs nor did it permit credit card registrations. Both of those restrictions impeded registration for seasonal property owners. In addition to the newsletter, the team recommends that the city permit mail-in registration utilizing a form provided in the newsletter.

Recommendation:

The team recommends that the city permit registrations by mail.

As already discussed, staff of the division also coordinates activities for special events and use of the recreation facilities. The director has instituted an approval form, which must be completed to ensure that all of the applicable departments are informed of the event and have staff available to perform the necessary functions. Included in approval are what resources are required for the event. According to the director, the form must be completed 60 days in advance of the event. If there were insufficient staff available for the function or if it would require overtime providing the staff support, then the event would not be approved. The form applies to city-sponsored events as well. To reinforce the cooperative effort, the director sends a schedule of events each month to the departments of public safety and public works.

Fiscal Information

The following is a summary of the budgeted allocations as shown in the municipal budget. The division of recreation operations was created in 1997, which coincides with the dip in allocations for the recreation programs.

	1995	1996	1997	1998
Salary and Wages	\$496,403	\$568,866	\$387,079	\$410,000
Other Expenses	\$91,867	\$83,325	\$16,940	\$24,000
Total	\$588,270	\$652,191	\$404,019	\$434,000

The city charges a user fee for many of the programs as well as fees for using the recreation facilities. During 1998, the city collected \$15,865 for use of facilities, not including the music pier.

NEPOTISM and REEMPLOYMENT

Nepotism

Nepotism is defined as “favoritism shown to relatives, especially in appointment to desirable positions.” Favoritism is the “showing of more kindness and indulgence to some person or persons than to others; act of being unfairly partial.” Some synonyms are bias, partiality, and preferential treatment. Ocean City does not have an effective policy concerning nepotism.

Recommendation:

The city should formulate and adopt a comprehensive, specific, realistic, and enforceable policy on nepotism. This is an essential step that should be taken to ensure confidence in the municipal government by the electorate and staff.

Reemployment

Reemployment is a condition that occurs when a long-time city employee retires from the city, begins collecting a pension, but, in some cases, within a number of days is reemployed by the same city. This reemployment is accomplished by a technical change in job title.

In Ocean City, the team is aware of this occurring in at least three different situations. This reemployment may not be in violation of any regulation or statute but is a concern, as is nepotism, among city staff and the electorate. As with nepotism it has a weakening effect upon the confidence that people have in their government.

Recommendation:

The team recommends that the governing body and the administrator, along with appropriate legal counsel develop a comprehensive and non-discriminatory reemployment policy. This action would be in the best interest of taxpayers and staff, and will further ensure that public confidence in government will be maintained.

MUNICIPAL WELFARE

Welfare services in Ocean City are handled through the municipal welfare office and a local assistance board. This office is attached to the department of community services. In addition to the director, there is a part-time clerk typist.

The county currently handles most welfare, including aid to dependent children, food stamps, etc. The city only handles adults with no dependent children.

At the time of the review, the city had approximately 23 active cases divided into categories of employable and unemployable. The city maintained offices in the public safety building where applicants were sent to seek assistance. It would appear that the director did an adequate job in placing most of the employable section of her caseload during the summer months, and sought the assistance of programs such as the General Assistance Program

during the winter months. Much of this activity took place through the local job service office operated by the New Jersey Department of Labor.

In addition to these functions, the director provided emergency assistance to local residents as well as some degree of housing assistance.

The director was also involved in the Tri-County Directors Association, and was familiar with various municipal operations although a number of the municipally run departments had been assimilated into the county offices since the state provided legislation to facilitate this transition.

Future Operations

Discussions with the director indicated that Ocean City had reviewed the possibility of transitioning the program to the county. Based on discussions held with LGBR, the director indicated that the city had decided to retain the program at the municipal level. Although the director was not present at these meetings, she believed decisions were made based on the following assumptions:

- The city can evaluate service to those in need if it is maintained locally.
- The city coordinates local assistance often provided by food cupboards of various organizations and churches.
- Transportation from Ocean City to the county offices is poor. Mileage estimates are approximately 31.5 miles and 40 minutes travel time.
- The director is very familiar with local services and is best able to provide those services in the most efficient manner.

Current administrative costs approximate \$58,791 for both the director and part-time clerk typist including benefits. In addition, the city maintains a small office in the public safety building. LGBR will not include those costs since the building would be maintained despite the program.

The team believes that the city's residents have been provided with adequate services, however, the cost for operating the program for approximately 23 people who could potentially receive \$210 a month seems cost prohibitive. The team believes that the county could offer adequate services with costs provided through the State of New Jersey rather than by local taxpayers.

If all 23 people received \$210 a month all year, the total payments would be \$57,960, at a cost of \$58,791 to provide this service.

The team also believes that either the city or the county could provide a workable transportation arrangement when needed to local individuals seeking assistance. The team also believes local county officials can easily provide emergency assistance in the city. It should also be pointed out that many municipalities have already accomplished this transition with a great deal of cooperation with the County Board of Social Services.

Recommendation:

Dissolve the local assistance board and transfer all operations to the County Board of Social Services.

Cost Savings: \$58,791

LIFEGUARDS

The Ocean City Beach Patrol (OCBP) celebrated its 100th anniversary in 1998, and has been protecting swimmers and beach patrons in Ocean City for as many years.

As its mission, the OCBP has strived "...to provide the most competent life-guarding and First Aid services possible to the public utilizing our beaches."

The OCBP has been successful in recruiting highly talented swimmers that possess a sense of judgment, concern, sensitivity, and loyalty. This has resulted in an enviable record of lifesaving and protection on the beaches of this Cape May County resort. The organization is certified by the United States Lifesaving Association for its efforts in training, facilities, and organization. Both tradition and standards have placed the OCBP in a position of credibility and respect throughout the United States.

Ocean City has supported the lifesaving activity of its beach patrol by maintaining standards, supplying training funds, maintaining beaches, giving emergency medical training and supplying necessary equipment when required.

A review of OCBP activity in 1998 reveals the following data:

Activity	1998
First Aid Cases	1,083
Rescue Squad Responses	46
4-Wheel Drive Activity	83
Surf Chair Use (Disabled)	1,034
Lost Children/Missing Persons	887
Water Rescues	244
Preventative Actions	3,108
Minor Rescues – Minimal Assistance	888
Jet Ski Response	98

It is evident from these statistics that the OCBP is much more about beach safety and water safety than simply swimming activity. The lifeguards in Ocean City provide minor first aid services, find/locate lost children, and aid with all types of water rescue including swimmers, boaters, and sometimes even aircraft. LGBR commends the OCBP on a fine tradition and record.

Staffing

During 1998, OCBP staff was comprised of approximately 147 full or part-time guards and medical personnel. The OCBP holds annual rookie lifeguard testing in early June to fill vacancies for the upcoming year. In addition, courses are offered in medical emergencies, and medical personnel are stationed on a number of city beaches. The following is a breakdown of the staffing for 1998:

Title	Positions Staffed
Captain	1
Assistant Captain	2
Lieutenants	8
Senior Guards	10
Senior Medic	1
Medics	4
Guards (2 plus years)	88
Guards (1 st year)	17
Sub-Total Full-time Personnel	131
Part-time Replacement Guards	13
Part-time Medical	3
Total Personnel	147

Salaries or wages paid to staff are established by union negotiation. Wages currently start at \$7.50 and end at the maximum of \$16.66 per hour.

Lifeguards normally work 40 hours per week; however, some guards may work 42 hours under some conditions. Routine weekday hours are 9:30 a.m. to 5:00 p.m., while weekends are 10:00 a.m. to 5:30 p.m. LGBR has looked at various forms of life guarding throughout New Jersey and suggests some changes to the existing organization, which will be supplied through an organization chart included with this report. The team supports the need for additional guards as requested by the OCBP. However, we believe initial changes should be made at the organizational level. The team believes that the OCBP might be better served through its movement into a Beach Utility where a full-time beach superintendent could administrate all aspects of the beach operation. The team is aware of recent case law that impacts beach fees. The team believes that beach patrons and taxpayers might be better served via a utility. In this manner, all income and expenses are accounted for separately. Currently, the public safety director oversees police, fire, EMS, vehicle services, and the lifeguards.

The team would create a full-time year round position to oversee lifeguards, beach fees, beach maintenance, and all equipment associated with this activity. The team believes that this would enhance beach operations. We believe that the remaining staff of the OCBP should essentially remain unchanged.

Operations and Costs

According to public safety information, the lifeguards were paid approximately \$712,000 in salary and wages during the summer of 1998. In addition, OE expenditures approached \$18,850. Based on observation, the team found these costs to be within acceptable ranges based upon the number of beach patrons, equipment, training, and EMS concerns. There were some areas where we observed some possible duplicity of effort, but generally believed the uniqueness of the beach operation could justify these areas. Some of these areas include:

- EMS services and Medics;
- 4-wheel drive capability and vehicles attached to the beach operation; and
- inflatable water rescue vehicle in two divisions.

It should be pointed out that the beach operation maintains much of the following equipment:

- lifeguard stands;
- lifeguard boats;
- rescue boards;
- torpedo floats and rescue rings;
- radios;
- uniforms and whistles;
- 4-wheel drive vehicles and mules;
- various flags and pennants;
- "Muster" buildings and headquarters as well as various office supplies; and
- first aid equipment and CPR devices.

It is evident that the trend in beach fee revenues continues to reflect a higher beach attendance and a need for more intense coverage on the beaches. Ocean City can attribute much of its appeal to the ocean, beach, boardwalk and bay. Therefore, the emphasis on attention to the beach is an absolute necessity.

Beach Superintendent

We believe this position should administer all activity on the beaches in Ocean City including but not limited to:

- lifeguards;
- beach replenishment;
- beach maintenance;

- lifeguard equipment maintenance;
- DEP regulations regarding animals, bathing, and conduct;
- beach fees;
- signs and liability questions;
- bulkheads, steps and access;
- bathrooms and fresh water;
- coordination of public works activities such as clean-up;
- coordination with police;
- 4-wheel drive vehicle permits;
- boat and sailboat access to the beach as well as permits; and
- trash removal from all beaches.

The team believes the city should appoint an individual with coastal experience and administrative skills to work closely with the lifeguard director, the public works director, the environmental office, and other appropriate agencies to achieve a degree of control and organization dedicated to beach activity. The team, in making this assessment, bases this decision upon various activities associated with the beach including the nearly \$2 million in beach fee revenue, a significant replenishment program, a city with a substantial budget, and most importantly, the hundreds of thousands of tourists. As mentioned elsewhere, the team believes the CFO who currently spends much of his time during the summer directly supervising the sale of beach tags on the strand, should be relieved of that duty and concentrate his attention to the operation of the finance office. The team feels it is a poor utilization of high level management to have a CFO with the experience and expertise of Ocean City's perform a function that could easily be performed by someone in a lower supervisory position.

Recommendations:

Create a beach utility incorporating the lifeguard function into the beach utility.

Establish a permanent position of beach superintendent to administer the lifeguard function with other beach activities.

Transfer an accountant from the comptroller's office to work in the utility operation.

Remove beach fee duties from the CFO to enable him to work closely with city council and other department heads on budget concerns and departmental efforts to control costs and meet demands of residents and visitors.

BEACH FEE REGULATION

Beach fee regulation is a function of the department of finance, which is headed by the Chief Financial Officer (CFO). While the CFO is primarily responsible for beach fee collections, the tax collector also works closely with staff, particularly the seasonal staff.

Currently, according to the CFO, the city does not do a formal annual analysis of the fees collected to determine if the fees cover the cost of the beach operation.

A review of the city's municipal budgets indicates that the beach revenue is a significant revenue source for the city. It was the single largest miscellaneous local revenue and fourth largest anticipated revenue aside from franchise and gross receipt taxes (energy receipts tax), surplus and property taxes for 1996, 1997, 1998 and 1999. The following is a summary of the fees collected:

	Beach Fees	Beach Fees	Total General Revenues (Realized)	Beach Fees as % of General Revenues
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Year	(Anticipated)	(Realized)		(Realized)
1995	\$1,850,000	\$1,906,487	\$35,465,560	5.38%
1996	\$1,900,000	\$1,904,868	\$36,603,307	5.20%
1997	\$1,904,000	\$1,954,005	\$38,673,162	5.05%
1998	\$1,950,000	\$1,988,984	\$39,456,238	5.04%
1999*	\$1,965,000	\$1,965,000	\$38,795,111	5.07%

*All 1999 figures are anticipated, as they appeared in the budget. A 10-year breakdown and trend analysis appears in Appendix F.

The significant operation of the beach is seasonal, operating 94 days in 1998, and planning for 94 days in 1999.

During the 1998 season, the city sold 77,426 pre-season badges at \$12, 12,796 season badges at \$16, 147,560 daily badges at \$3 and 69,121 weekly badges at \$6. The daily sales decreased by 4,942 or 3.24% of 1997 sales. While the pre-season sales increased by 9,692, a 15% increase over 1997, the season sales decreased by 3,162, a 20% decrease from the previous year season sales. The tax collector credited the increase in the pre-season sales and decrease in the tags purchased during the season to the timing of the Memorial Day weekend. In total, tag sales decreased by 883, or 2% from 1997, but revenue increased by \$36,060, or 1.8%.

The cost for a season tag increased \$2 in 1993 to \$12 pre-season, and \$15 during the season. The cost for the season badge purchased during the season had a further increase of \$1 in 1996 to \$16. At the same time, it appears that other municipalities in the state charge anywhere from \$10 to \$80 for seasonal badges.

There is no formalized advertisement announcing when the sale of seasonal beach tags begins. The residents know the sale begins on April 1st every year; this date has not changed in years. The pre-season savings in seasonal tags end on Memorial Day, when the increased seasonal amount begins. There does not seem to be a need, based on number of pre-season sales, to advertise in the local papers although beach tag information could be included in the newsletter to be sent to all property owners once a year, as discussed under the recreation section of this report.

Recommendation:

The city should consider including information regarding beach tag sales in the informational brochure referenced in the recreation section or as an insert with tax bills or tax advice sent to property owners.

Staffing

Ocean City has approximately eight and one half miles of beach with over 60 entranceways. A large portion of beach tag revenues is a result of the quality performance of the seasonal employees used to collect beach tag fees on the beach and at the entranceways. The city employed approximately 170 part-time seasonal employees in 1998 for the beach fee collection program. The hourly salaries ranged from \$7.50 to \$8.50 an hour for supervisors, to \$5.15 to \$6.25 for taggers. The head supervisor is paid an hourly rate of \$12 and begins employment on April 1st. The city's municipal budget indicates that the city charged \$243,526 in salary and wages to the beach fee regulation function and \$46,667 for other expenses for 1998.

Operations

There are approximately five to seven supervisors each day who have between 15 and 20 "taggers" assigned directly to them. Each group is assigned a specific portion of the beach. All employees are required to attend training sessions, which are held four times throughout the summer. The taggers are not required to attend all sessions; however, the turnover for seasonal help requires the city to offer multiple sessions to ensure everyone is properly trained. The taggers are paid on an hourly basis and the hours they work per day vary based on day of week, weather, holiday and other situations.

The teams of taggers sweep the beach throughout the day and collect money, which is returned to their immediate supervisor at the end of their shift. The immediate supervisor then turns in the money from the entire team to the

head supervisor who handles the accounting functions at the main headquarters. The collected fees are made ready for deposit and an armored car service picks the money up daily. The city has instituted many incentive programs to encourage the taggers to take pride in their jobs and perform quality work. It was the feeling of staff that the incentives have been successful in, not only increasing sales, but also providing the taggers with a sense of responsibility that has resulted in a decrease in incidents such as theft. There were financial incentives, in the form of bonuses, totaling \$11,024 paid to the supervisors and staff in 1998.

Internal Controls

Staff pays particular attention to ensuring that there are strict internal controls for the inventory system of the beach tags and fee collection unit. There are checks and balances at each step from the distribution of beach tags to the returning of unsold tags at the end of the day. The supervisors use daily control sheets that indicate the tagger name, beach tag numbers, and type of tag (daily, weekly, and seasonal), amount of money collected, and numbers of unsold tags. These sheets are kept in the main building and are used by the head supervisor for internal control.

The main headquarters, where the money is collected and counted, is completely secure and monitored by video cameras and alarmed. There is a vaulted/safe room located in the building that has a separate alarm with a combination that is known by only three individuals. Prior to the city acquiring this building, the main headquarters was on 34th Street. According to the CFO, the move to the new location has been a positive one and has made the handling of money more secure for the taggers and supervisors since they are closer to the beaches between 4th and 12th Streets where most of the revenue is collected.

Recommendation:

A central location for all money transactions by the city results in a more efficient method of dealing with revenue as well as having all funds in one secured area. However, observation of the numerous and varied activities performed by the city makes this even more of an issue. The team recommends that the city make every attempt to consolidate and centralize collections and accounting of funds in one location. The team believes that while the location being used for this function may have served the city, a better arrangement should be explored. A recommendation for that function appears in the finance section.

The staff of the beach fee regulation unit should be commended for their successful operation of beach tag collections. The staff, although seasonal, is trained well and has a sense of pride in their jobs that is evident based on daily and weekly sales.

Expenditures

The CFO provided the team with an idea of what type of expenditures are allocated against the beach fees. Included in those costs are the provision of lifeguard protection, public works maintenance of the beach and the over 60 entranceways from the street to the boardwalk, trash pick up, beach badge regulation, a portion of the CFO's and tax collector's salaries, vehicles, and beach replenishment.

Lacking definitive information from the city, the team attempted to determine if the beach fee revenues were sufficient to cover all costs associated with the beach operation and beach maintenance. In so doing, the team reviewed some general guidelines regarding the costs that are permitted by statute to be charged against beach fees. The Superior Court of New Jersey, in Alfred A. Slocum Public Advocate of the State of New Jersey, Plaintiff, vs. the Borough of Belmar, Defendant, set legal precedent regarding allowable charges. Generally, when setting the beach fee, a municipality can consider all additional costs, direct and indirect, legitimately attributable to the operation and maintenance of the beachfront. Those costs can also include costs associated with public facilities on the boardwalk including five restrooms, lockers for bathers, a pavilion, a first-aid station, numerous benches and trash containers.

The Superior Court identified roughly 30 expenditure categories that could be applied against the beach fee as they relate to the beach operation and maintenance. Generally, acceptable charges against beach fee revenues include:

- Identifiable costs for special beach police that patrol the beach and direct traffic.
- All of the actual salaries of part-time summer employees hired for the beachfront. These include the beach supervisor and assistant, ticket sellers, lifeguards, gate persons, locker attendants, laborers, and lavatory attendants.
- All of the salary of regular public works employees and all wages of temporary summer employees assigned to the beachfront. This can also include portions of workers' salaries, such as equipment operators and mechanics salaries.
- Employee time for garbage and trash removal required for the beach, boardwalk, and access point road pickups. This can also include an allocation for summer overtime.
- Administrative personnel who generally perform beachfront related administrative functions.
- Parking meter maintenance and salaries.
- Other related expenses incurred in the beach operation including police, beachfront operation, repairs, maintenance and cleaning, garbage and trash removal, legal costs for drafting of all ordinances, bids and contracts related to the beachfront, and lawsuits resulting from injury, insurance costs including workers compensation, vehicle insurance, police liability insurance, property and casualty, engineering fees, sanitary landfill costs, administration, parking meter maintenance, related debt service, equipment purchase costs, boardwalk and pavilion improvements over a reasonable number of years.

Using those guidelines, the team made a rough calculation of some of the costs associated with providing the beach operation and maintenance using payroll, budget, and scheduling information made available by various city staff. The team estimated that it cost roughly \$2,147,806 during 1998 to provide lifeguard services, and beach fee regulation, clean the restrooms, maintain the beach and boardwalk, traffic control, parking enforcement, summer police, one regular officer to maintain the 24 vehicles shown as being dedicated to the beach/boardwalk purposes, beach restoration, and boardwalk rehabilitation. Where appropriate, the position values were adjusted to reflect that the beach is being heavily maintained for essentially 17 weeks of the year.

There are many costs not reflected in the roughly \$2.1 million identified among which are overtime, insurance costs, disposing of the collected trash, professional services, administrative salaries, and capital costs associated with public restrooms. It should be noted that the court did not allow for the charging of an administrator's salary, if the administrator would receive the same salary with or without the beachfront, such as a borough clerk's position.

It appears, based on an analysis of some of the potential costs incurred by the city as permitted under the existing case law, that municipal purpose taxes are being utilized to pay for a portion of the beach operation. However, without a clear accounting of the beach operation, it is not possible to determine to what extent.

It is further noted that the court, in Belmar, found that the borough was unable to substantiate claims of cost and what was charged against the beach fees because of the lack of clear records.

Recommendation:

Due to the lack of a clear dedicated beach budget in Ocean City, it is difficult to determine where all revenues from the beach are being utilized. The team recommends a more detailed accounting system and the establishment of cost centers for beach fee collections in order to identify where all revenues will be expended.

RECREATION OPERATIONS

Music Pier Operations and Recreation Maintenance

The recreation operations division of the department of community services is a relatively new unit within the city's governmental structure, having been created in spring of 1996. The creation of the division combined music pier

operations and recreation maintenance. According to documents supplied to the team, the goal of moving recreation maintenance into the same department as recreation programs was to increase communication between the two related operations and ultimately improve athletic field conditions. Prior to 1996, the city's department of public works managed recreation maintenance functions.

According to annual reports prepared by the manager of the division, recreation operations are made up of two principal units: recreation maintenance and music pier operations. Each unit has a distinct mission statement. The mission of the recreation maintenance is to provide quality leisure services through a comprehensive program of facility management.

The city has many attractive recreational facilities including the 6th Street Athletic Complex that has 14 tennis courts, a civic building, concession building, athletic track, football/soccer fields, three basketball courts, and shuffleboard facilities located outside. The complex, which is adjacent to the high school, is readily accessible to the school and is used often for school functions and school recreation programs. The proposed high school expansion is sited for some of this land. In addition to this complex, there are several other recreational areas maintained by the operations staff.

The overall mission for the music pier is to provide the city and its surrounding communities with high quality programming that will appeal to all age groups and interests. The stated goal is to provide opportunities for individuals to perform and develop their talent and skills to their fullest potential for the benefit of themselves and their families, and to enhance the quality of life by providing first class entertainment supported by first rate service for all individuals who visit the facility.

Of all of the operations of the city, it appeared that the music pier is the one that is the greatest source of pride. The building, which was built in 1928, is rich in history. Among the many types of city-sponsored functions at the pier are the Monday night concert series, the Ocean City Pops Orchestra, which was in its 70th season in 1998, and special concerts and events.

The recreation operations division consists of eight full-time, one part-time and 15 seasonal employees. The staff is divided by function, with three full-time staff being primarily responsible for recreation maintenance and four full-time staff being responsible for maintaining the music pier. In addition to supervising the staff of the division, the manager is also responsible for scheduling activities at the pier and maintenance of the recreation areas.

It was not possible for the team to observe the music pier operations staff because the building is locked to the public. The manager indicated that full-time, year round staff is assigned to performing maintenance of the pier and assisting public works personnel with other off-season maintenance functions, but the team was unable to confirm that through observation. The manager's office is located in the music pier and cannot be accessed by the public.

Financial Information

Based on the payroll information, the 1998 position value for this division that including salary and wages, certain stipends, health/dental/prescription insurance costs, pension, social security and Medicare, is \$524,076. That amount can be further broken down to \$71,314 for seasonal employees, \$195,168 for full-time employees assigned to the recreation maintenance, and \$257,593 for music pier staff. Half of the position value of the manager is reflected in both the recreation maintenance and music pier cost. There was also \$6,296 paid in overtime during 1998. There is an additional \$287,364 in position value for the pops orchestra musicians and director making the total identifiable position value for the music pier alone nearly \$545,000.

The 1999 municipal budget showed a 1998 allocation of \$45,487 for other expenses. Those expenses do not contain capital costs, which would include the cost of vehicles, equipment, utilities, and structural improvements. It also does not include such things as property and casualty insurance, public works support, and the cost of finance office staff support. There were various pieces of equipment assigned to the recreation operations division, including vehicles and lawn equipment.

Tickets are sold for most of the city-sponsored functions held in the music pier, at minimal charge. In addition, the city has adopted a fee policy that is used to develop and evaluate fees and charges for programs, facilities and services within the recreation operations division. The fee policy is comprehensive and provides the staff with valuable guidance.

The department of finance manages the revenue collected from ticket sales, but the operations division is responsible for the facility rentals. According to the division's 1998 annual report, \$41,543 was generated through use of the facility. An additional \$236,821 was generated from box office ticket sales. City staff acknowledged that the music pier is not self-supporting and noted that it has been a long-standing policy to keep the tickets affordable.

It appears that all of the functions associated with the recreation operations division were necessary for the successful operation of the music pier and recreation programs. However, separating recreation maintenance from the department of public works creates a situation where there was duplication of effort and more full-time, year round staff positions than are necessary. If, as reported, the division was created, in part, as a response to dissatisfaction with the maintenance provided by staff of public works, then the inefficiencies should be addressed. The team believes that the creation of a more sophisticated work order system, as discussed in the public works section of this report, would address those inefficiencies.

Recommendations:

The team recommends that the responsibilities and staff of the recreation operations division be dispersed to other city entities that are charged with providing similar services but on a wider scale. For instance, it would reduce duplication of effort by having the department of public works provide the maintenance of the building and recreation facilities. Implementation of an upgraded work order system would allow that department to schedule that work in a more satisfactory way than had been done in the past and provision of the additional staff would assist in that scheduling effort. Also, scheduling and coordination of the music pier activities would be an appropriate function of the recommended utility for the music pier, airport, transportation, golf course and boat ramp.

The team estimates that a productivity enhancement of \$228,160 could be accomplished by careful scheduling of work and reallocation of staff. This equals about half of the current cost of division maintenance staff.

Productivity Enhancement: \$228,160

The team also noted that there are several entertainment facilities in the Cape May County area offering similar programs. The team encourages the city to market the music pier as a public relations tool, and endeavor to make it part of the county entertainment network. Such participation would work well with the mission of the music pier, which includes serving the city and the surrounding communities.

RECREATION, TRANSPORTATION AND ENTERTAINMENT OPERATIONS

Ocean City's logo is that it is "The #1 Family Resort in America." In an effort to separate and distinguish it from competitor resort towns, the city has entered into several operations that are not generally found in a typical municipality. These operations, which are also discussed in other sections of this report, include:

- an airport;
- a golf course;
- an aquatic and fitness center;
- a boat ramp;
- a transportation center; and

- a music pier.

The airport, golf course, boat ramp, and transportation center are functions of the department of public works. One manager oversees these four operations. The aquatic and fitness center and the music pier are functions of the department of community services. Each has its own manager.

Based on information provided, the team conducted an analysis of the cost, organizational structure and activities of these operations.

The review was geared toward three key areas of concern. The first is whether the current financial disclosure is sufficient to allow the city's taxpayers to determine the extent to which their local purpose taxes subsidize the operations. A second key consideration is whether the user fees collected cover the cost of these operations. The third area of concern is whether the current organizational structure is appropriate.

Adequacy of Financial Disclosure

Currently, according to city staff, the city does not prepare a formal annual financial analysis of these operations, to determine whether operational revenues exceed, equal, or are less than the operational costs of these activities. Also, there is no cost center-based cost accounting system in place that would produce an accurate analysis of the true costs of any of the operations.

It appears that there are as many styles of reports relating to revenues and expenses, as there are managers responsible for the operations. However, it appears that none of the reports take into account the cost of such added expenses as use of municipal employees and resources from other departments, property-casualty insurance allocations, etc., in compiling the true costs of operations.

On the expenditure side, a review of the municipal budget shows that while the aquatic center is a separate line item in the budget, the music pier is not identified in the budget because it is part of "recreation operations." The allocations for the public works functions are even harder to identify in the budget because the allocations are included with the allocations for other public works functions.

Similarly, the municipal budget has separate revenue line items showing collections from airport fees, boat ramp fees, and aquatic and fitness center user fees, but there is no breakout of revenues generated from the music pier, golf course, and transportation center.

In general, the team found that it was not possible, based on the information provided, to determine the true cost of any of the operations. While reported revenues were fairly consistent, there was insufficient information available to the team to determine the extent to which the local purpose tax is being used to subsidize these operations.

Setting of User Fees

According to the Municipal Fee Ordinance, the proposed schedule of all annual fees and charges related to city programs are submitted to the director of financial management for review, and then approved by the mayor at least 30 days prior to the acceptance of registrations for the program. The review team examined documentation indicating that user fees for the various programs had been increased annually. However, the team was unable to determine the basis on which these fees were set since no cost accounting system is in place, and the team was unable to clarify the true costs of the operations. Again, it did not appear that the city had that information available.

Organization

The team examined several alternative government organizational structures, believing that in part, the non-uniform reporting methods and the lack of being able to identify true costs of the operations were products of the way the functions were divided among and between the departments. The goal was to consider various structures that would provide the city and the taxpayer with full financial disclosure, maximum indemnification from potential liability

claims, and ease of transition for the city and its employees in moving from the current structure. The three types of structures that were considered were a non-profit corporation, a consolidated department, and a municipal utility.

The first option would be to consolidate all of these functions under a non-profit corporation. After thoroughly researching the concept of the non-profit corporation, the team determined that while the legal indemnification was an attractive aspect, the implementation of a non-profit was not practical. The city would no longer have control of the facilities and poor management of the non-profit could lead to solvency issues in the future, resulting in greater costs to the taxpayers than if the city retained consistent ownership and oversight.

Another option considered is consolidating all of these functions under one dedicated city department. While the transition strain would be extremely limited, it appears that creating a separate department would not serve any significant purpose. Because this option would not be creating a cost center and, therefore, no requirement of separate accounting, it is possible that the current sort of lack of clear cost analysis would continue.

A municipal utility would consolidate all functions under one umbrella within the city structure. This option is appealing because municipalities must provide separate accounting for a utility and they are, by their nature, self-liquidating. Appropriations in or out of a utility must be reported separately and the cost of the operation(s) versus the fees collected would be apparent. However, because the utility would leave the operations as municipal functions, the city would continue to be legally liable for the operations. The utility would be a function of the city, and city staff could continue to provide services, but their efforts would be tracked and quantified so the utility could be charged for services provided. A separate line item in the regular municipal budget would be provided in the event that expenses exceeded revenues. In this manner costs are “covered”, the municipal administration will be in a position to make intelligent management decisions, and the taxpayer will be informed regarding the true financial picture of the city.

Recommendations:

Regardless of the type of structure the city determines is most appropriate for provision of airport, golf, boat ramp, transportation, music pier and aquatic and fitness center operations, the team recommends that cost centers be created so that all true costs of any one of the operations can be easily identified. Failure to create cost centers will continue the practice of municipal purpose taxes supplementing operations, which are clearly targeted toward a limited citizen base. It is also the only way that decisions can be made regarding the establishment of fees to ensure that the true cost of the operations are being met by those utilizing these specialized services.

Further, the team recommends the creation of a self-liquidating utility that would consolidate the recreation, transportation, and entertainment operations of the city under one unit. Such a utility would provide the framework necessary to ensure the appropriate tracking of revenues and expenditures.

These recommendations should be implemented in tangent to ensure improved financial reporting and improved development in the adequacy of user fees established by the city.

Revenue enhancements, where they could be estimated, are included in the sections of the reports dealing with the individual operations.

The city relies on its participation in the Atlantic County Joint Insurance Fund and the Municipal Excess Liability Joint Insurance Fund to secure enough insurance coverage to indemnify itself from potential property, casualty and liability claims stemming from these operations. The city must continue to work with the risk manager and the Joint Insurance Funds to ensure these operations are safe and that adequate insurance is in place to cover

any and all contingencies. The alternative to insurance would be the creation of a separate organization that would be independent of the city and therefore have its own assets exposed to any and all liability claims stemming from its operations. Although such organizations can, and do, exist within municipalities, it is the team's opinion that the cost and disruption to the city in taking such a course of action are not warranted at this time.

Ocean City Aquatic & Fitness Center

The Ocean City Aquatic & Fitness Center (the center) is a function of the community service department. An assistant superintendent of recreation is responsible for the day-to-day operation of the center's various activities, staffing, fee collection, utilization, and financial reporting. The assistant superintendent and all staff are located at the center.

Financial

The center offers various enrollment options including weekly, monthly, quarterly, and annual memberships. According to the Municipal Fee Ordinance, all annual fees and charges for participation in city recreation programs are submitted to the director of financial management for review, and then approved by the mayor at least 30 days prior to the acceptance of registrations for the program. This is also the process for any special event or program outside the scope of basic membership at the center such as swimming and diving teams, etc.

Currently, according to city staff, the city does not do a formal annual analysis of the fees collected to determine whether these revenues cover the cost of the center's operation. The assistant superintendent of recreation prepares monthly reports of membership enrollment activity and fee income. However, the team's review of the monthly membership activity reports disclosed that each enrollment, regardless of length, is counted simply as a membership. A more meaningful benchmark would be member-days, i.e., the number of members times the number of days selected for membership at the time of enrollment.

A review of the center's annual reports, and the city's municipal budgets and payroll records disclosed a discrepancy as to whether membership revenues cover the cost of the center's operation. The center's annual reports for the five years 1995 through 1999 indicate that revenues exceeded appropriations for salary and wages, and other expenses by about \$37,790, or 3%. The discrepancy stems from using only gross salary and wage data for employee costs in the center's annual report (\$1,645,673 over the five years) rather than position values which include gross salary and wages plus costs for employee benefits, overtime, specials, and uniform allowances (\$2,021,102 over the five years).

The following table summarizes revenues and appropriations as reported in the city's budgets, and as adjusted by the review team, to include all direct employee benefit costs not included in the annual reports for the five years 1995 through 1999:

Description	1995	1996	1997	1998	1999 (Budgeted)
Fees Collected	\$403,801	\$469,529(c)	\$430,323	\$451,890	\$425,000
S&W (a)	\$313,120	\$319,567	\$334,530	\$328,456	\$350,000
OE (a)	\$134,260	\$132,430	\$138,894	\$43,496	\$48,000
Revenue Excess (Deficit) (a)	\$(43,579)	\$17,532	\$(43,101)	\$79,938	\$27,000
Direct Employee Benefit Costs	\$71,432	\$72,903	\$76,317	\$74,931	\$79,846
Revenue Excess (Deficit) (b)	\$(115,011)	\$(55,371)	\$(119,418)	\$5,007	\$(52,846)

(a) Per the center's annual report.

(b) Per the review team's analysis.

(c) Revenues include a one-time contribution of \$43,008 from a private trust.

Recommendations:

The team recommends the adoption of the member-day membership utilization benchmark for the center. The recommended benchmark will allow the city to track revenue and expense in terms of member-days, which will assist the city in managing the center's budget.

The team recommends a more detailed financial reporting system including the establishment of a unique cost center in order to make sure that the center's revenues are sufficient to cover the entire center's operating costs. As the financial reporting system is currently structured, it failed to disclose that the general tax revenues of the city subsidized the center's operating deficit during the five-year period 1995 through 1999 by a total of \$337,639, or an average of \$67,528 per year.

Revenue Enhancement: \$67,528

Operations

The city employs three full-time, about 50 part-time, and about 16 seasonal part-time employees to staff the center's activities. There are generally three categories of activities: pool-related fitness and exercise programs; gymnasium-related exercise and fitness programs, and classroom-related health information, and well-being programs. The activities can be specific age-related programs, programs sponsored by outside groups using the facilities, or independent exercise activities for residents and non-residents.

In an effort to better serve the needs of the community and to promote increased membership, the assistant superintendent of recreation has instituted a policy of conducting a customer satisfaction survey with the center's members. Generally, the main improvement opportunities identified in the survey are communicated to city management and addressed by either the assistant superintendent of recreation (staff and program issues) or the city management (facility improvements). The assistant superintendent of recreation demonstrates professionalism and civic pride in the center's mission and appears to be looking for continuous process and facility improvements so that the center will succeed in its mission.

The team commends the assistant superintendent of recreation for creating an atmosphere of continuous process and program improvement, as evidenced by the implementation of the customer satisfaction survey, and related communication links to city government management.

Facilities

The center is located in Ocean City at 18th Street & Simpson Avenue adjacent to the library. The city assumed management of the center in 1992 after a not-for-profit organization that had been managing the center incurred numerous fiscal problems. Since that time, various capital projects have resulted in the facility receiving much needed improvements. These improvements were necessary to maintain the center as a valuable community asset, and to promote growth in membership needed to make the center profitable.

The city should be commended in its efforts to maintain the center as a valuable community asset and for encouraging membership growth.

III. COLLECTIVE BARGAINING ISSUES

Ocean City recognizes nine bargaining units for purposes of negotiating benefits, hours, salary, working conditions, and other related labor issues including health coverage.

Management in Ocean City is not outside the bargaining table in Ocean City. The team believes that the following positions should be “scoped” out of bargaining considerations since they represent the city in controlling costs and operating an efficient government for the residents of Ocean City:

- 1) Tax Collector;
- 2) Tax Assessor;
- 3) Municipal Court Administrator;
- 4) Manager, Public Work; and
- 5) Chief EMT.

Since Ocean City is a civil service community, some regulatory benefits such as vacation and sick leave accrue to classified employees automatically. However, there are a number of unclassified appointments, which appear to enjoy some of the same benefits, or in some cases, a higher level of benefits than the classified employees. The team believes that Ocean City offers significant salary considerations to a number of its employees in addition to significant options or benefits outside of dollar remuneration. We believe some of these to be excessive and expensive to the average taxpayer.

Five positions are identified under an administrative unit, but are not a bargaining unit. These positions include the public safety director, business administrator, director of finance, director of public works, and community services director. Although this unit is not represented by PERC definition, it is recognized by the governing body by resolution adoption and offers significant benefits as described above.

Recommendations:

Remove managers from union bargaining units and administrative units, through action with the Public Employees Relations Commission (PERC) if appropriate.

FMBA Local 27

(All Firefighters Inclusive of Deputy Fire Chiefs and Captain)

The team feels that the current bargaining unit as outlined to PERC does not represent the best interests of the city. High-level supervisors should either be excluded from this unit or represented singularly by another unit. The team feels that the title of deputy chief, particularly, should be “removed” from this unit.

As we reviewed the documents related to the fire department, we felt one of the most important issues is the computation of sick leave and vacation leave. The current language refers to this time in days and not hours. For instance, vacation time can be as many as 17 days. A day for a firefighter is 24 hours rather than eight hours, thus equating 17 days to 51 days. A change needs to be made to reflect hours rather than days. The same must be said for sick time equating 15 sick days to actual tours of duty and hours. As an alternative, Ocean City should adjust the contract through negotiation to 120 hours annually. Maximum hours under vacation could reflect 160 hours rather than 408 hours now currently identified in the contract. Maximum vacation adjustments could reflect savings of approximately \$407,900 if all firefighters were receiving the maximum benefit available. However, for purposes of this report, we will use only 25% of this number to identify maximum savings, although one could argue that smaller savings would be achieved at the lower levels as well. Therefore, potential savings for this one category might be approximately \$101,975. To achieve this amount, LGBR took an average salary among all levels of the department with the exception of the chief and converted it to an hourly rate of \$31.63, including all benefits and multiplied it against the difference of 248 hours. We strongly believe additional savings could be identified at the lower levels but feel this is a reasonable dollar savings.

Additional savings could also be generated with sick leave. Currently sick time is calculated at 15 days or 360 hours. Actual hours earned from an eight-hour day would put this number at 120 hours, thus leaving a difference of 240 hours or approximately \$394,742 if all firefighters used all their time. According to earlier calculations, firefighters

use approximately 15 sick days a year or potentially about four more than an average employee costing Ocean City approximately \$157,896 based on over-use of sick time using the same calculations that were discussed earlier.

The firefighter contract provides that should a firefighter use five sick days during the year, the city will actually subtract seven days from the accrual. In reality, the city charges the firefighter with a loss of approximately 18 days for usage of 14 days reducing city liability by about 35%. This has the potential of reducing real city costs by approximately \$55,263; therefore, actual cost savings would be reduced to \$102,633 considering future obligations owed by the city.

Recommendations:

Through negotiations, convert sick time and vacation to hours reflecting 120 hours annually of sick time and no more than 160 hours of vacation with savings of approximately \$102,633 and \$101,975 respectively. We believe these amounts are extremely conservative since estimates for vacation at lower levels were not identified in the absence of seniority data. This combined savings adds up to \$204,608 annually based on average sick leave usage and 25% of the fire department at maximum vacation levels.

Remove deputy fire chiefs from the bargaining unit through “scoping” if necessary.

Potential Cost Savings: \$204,608

Longevity is provided in the firefighter contract as well. It is not tied to performance but to length of time in the workforce. In fact, longevity payments after five years add to increases by at least 2%, increasing the amount of salary increases beyond the consumer price index (CPI). LGBR believes salary increases should not exceed the consumer price index. In addition, we believe any merit increases should be tied to a functional performance rating, which is not taking place at the present time.

Recommendations:

Eliminate longevity as soon as negotiations permit. At the very least, restrict longevity to employees already hired only. Current longevity payments should be tied to a merit based performance evaluation.

Potential Cost Savings: \$141,623

Reduce overtime costs by guaranteeing two hours of overtime during a call-in rather than the current three.

Other types of leave are identified as bereavement, personal, and birth. The team believes that the city should permit a maximum of three personal days while rolling bereavement leave into sick leave and major family issues into family leave. Three days of bereavement leave can cost the city \$2,277 for one firefighter. Even one day can average \$759 per firefighter. We believe this cost can be absorbed in sick leave with minimum savings of \$1,973 assuming 5% of the fire department uses such leave.

Potential Cost Savings: \$1,973

Additionally, LGBR believes that leave time should be calculated in hours to be no more than 24 hours total for personal time.

EMS duties have generated a stipend of \$2,200 in the year 2000. We believe this figure is too high reviewing both local Emergency Medical Technicians (EMT) costs and actual salaries paid to the firefighters. Many EMT's throughout southern New Jersey are paid at rates in the \$9 an hour area. The salaries currently paid to firefighters in Ocean City are almost three times the figure earned by private companies employing emergency medical technicians. While First Responders can be a valuable asset to the community, the stipends generated via this activity push annual salary increases into the 10% area, including longevity, regular negotiated increases, and other incentives. Therefore, LGBR recommends that stipends in this area be decreased to maintain a minimum of \$1,000, or a 2% increase, against the average firefighter salary. This would bring city costs to \$53,000 and save the city \$57,000. Continued increments in this area can only result in the city exploring other alternatives for emergency medical services.

Recommendations:

Reduce stipend to \$1,000 to maintain a 2% increase annually for EMS services based on 50 firefighters with EMT certification.

In addition, LGBR recommends these stipends be treated as bonuses and not added to the base decreasing prospective costs to the pension system.

Potential Cost Savings: \$57,000

Ocean City PBA Local 61

(Uniformed and non-uniformed officers, excluding the chief)

Ocean City has adjusted vacation and sick leave allowances in the police department to reflect hours rather than days. LGBR applauds the city for effecting this change.

Recommendation:

LGBR recommends that maximum vacation leave time afforded to all police be no more than 25 days for vacation, which result in more officers on duty. Reduce the maximum vacation time allotment to 25 days rather than 30. Assuming only 10% of the officers are eligible for this amount, an enhancement of \$6,653 is reasonable.

Potential Productivity Enhancement: \$6,653

Terminal leave provides maximum unused sick leave benefits at \$22,500 in present contractual language. This standard exceeds the average state maximum by \$7,500, and potentially pledges the city to long-term commitments in excess of \$15,000. LGBR believes this sick leave incentive should be reduced through negotiation.

Recommendation:

Reduce sick leave payments by \$7,500 to a maximum of \$15,000 from the current \$22,500.

Potential Cost Savings: \$495,000

Clothing allowances currently provide \$1,000 per person for the year 2000. State standards in this area provide for about \$300 per man. Additional costs related to maintenance assume the police are an elite unit comprised of professionally dressed officers who require cleaning of their uniforms. LGBR believes all city employees are required to be professionally attired, and also recognize cleaning costs are a factor. Therefore, LGBR believes that segment of the allowance should be discontinued saving approximately \$45,500.

Recommendation:

Discontinue the maintenance aspect of the clothing allowance. Reduce replacement benefits to \$300 based on state agreements.

Potential Cost Savings: \$45,500

Longevity payments of 2% to 12% should be phased out over the term of this contract and the following contract. Such payments amount to \$167,294. In addition, these payments are not tied to any form of performance evaluation and escalate salary increases well beyond the CPI.

Recommendation:

Discontinue the payment of longevity, or at the very least reduce them and make any that remain contingent upon positive performance evaluations.

Potential Cost Savings: \$167,294

Overtime issues are discussed at length in the police section of this report. However, the PBA contract guarantees four hours of pay at time and a half if an officer is called in. LGBR believes this guarantee should be reduced to two hours as found in other contracts.

Recommendation:

Reduce the overtime guarantee from four to two hours for call-ins. The team was not able to quantify the savings in this area due to records being unavailable that specified the cost of this benefit.

Other leave should be folded into three personal days. Bereavement leave should be consolidated within sick leave increasing productivity.

Recommendation:

Establish three personal days and encompass bereavement leave within sick leave to increase productivity.

EMT certification by police officers is not unusual, but contractual language in the police contract permits a remuneration of \$600 annually for this certification. LGBR is not thwarting efforts by the city to have police officers obtain their certifications, but it does believe that the city has extended itself in that area already in the fire department. Therefore, we recommend the removal of this benefit. Records obtained by LGBR did not identify the number of officers receiving this payment, however it is reasonable to assume that if only 10% of the department's 66 officers were receiving this payment the savings would amount to approximately \$3,600.

Recommendation:

Discontinue the practice of paying police officers a stipend of \$600 for their EMT certification in light of the policy already adopted for the fire department.

Potential Cost Savings: \$3,600

CWA Local 1078

(Civilian non-uniformed, non-management titles)

Sick leave is granted to crossing guards as part of this agreement. The team believes that such benefits for part-time guards should be discontinued. If the current staff of crossing guards used the allotment of sick days each year and this time were returned to the city the taxpayer would receive a productivity enhancement of \$478.

Recommendation:

End the practice of providing 6.25 sick days to crossing guards as a part-time benefit.

Potential Cost Savings: \$478

A clothing allowance of \$650 is provided to public safety telecommunicators. The team believes that this practice lends little to city productivity except perhaps providing a level of esprit de corps to the individuals involved. Beyond that it serves as a means of essentially providing an increase in pay by covering costs that would otherwise be incurred by the employee.

Recommendation:

Discontinue the clothing allowance of \$650 paid to each public safety telecommunicator for savings of \$6,500.

Potential Cost Savings: \$6,500

Overtime is defined as time worked beyond the normal workweek. Based on this review, LGBR believes that overtime should be defined solely as that time worked in excess of 40 hours only. In addition, "white collar" employees should only be reimbursed straight time up to 40 hours where FLSA standards evoke mandated overtime.

Recommendation:

Ocean City should establish a uniform policy of paying time and a half for only those hours worked over 40 throughout this bargaining unit. In addition, compensated time should also be restricted to those hours worked over 40 at time and a half.

Longevity is also paid to this group of employees ranging from 2% to 12%. LGBR feels such increases are artificial in recognizing seniority only. Potential savings amount to \$190,988.

Recommendation:

Discontinue the payment of longevity or, at the very least, make it contingent upon positive performance evaluations.

Potential Cost Savings: \$190,988

Ocean City Lifeguards Administrative Unit

It would appear most of this contract is focused on salaries, and generally does not provide for concentrated benefits as detailed in other contracts. However, LGBR believes Ocean City should have argued to keep the captain outside of union representation since this individual represents management. Longevity is provided partially in this contract. The city should attempt to remove this bargaining item and simply address it through salary discussions.

Recommendation:

Establish the captain's position as an administrative managerial position. The city should attempt to remove longevity from this bargaining item and simply address it through salary discussions.

Ocean City Lifeguards

As with the administrative contract, it appears that this contract was also established to express concerns mostly over salary.

Longevity is discussed in this contract as well on a partial basis. Again, LGBR believes such benefits should be eliminated from this contract.

Recommendation:

End all forms of longevity payments. Permit salaries to reflect increased experience.

Ocean City Middle Managers Association

As discussed earlier, LGBR believes a number of these titles should be exempt management titles as defined by FLSA standards as well as PERC decisions based on duties, functions, and authority.

An evaluation system was in place through 1998 tied to a stipend based on performance. This practice has since been discontinued. LGBR believes the evaluation process to be a valuable tool and should be tied to longevity payments, which range from \$1,000 to \$2,000 annually based on years of service. As stated in previous segments of this review, LGBR believes longevity is an artificial method of increasing salary considerations beyond the CPI. Therefore, we believe it should be discontinued.

Recommendation:

End longevity payments of \$21,000. Establish an evaluation system designed to improve performance and provide needed efficiencies.

Potential Cost Savings: \$21,000

Ocean City middle managers were provided with a deferred compensation match of \$500 in 1998, at the time of their yearly evaluation. LGBR does not condone the match as provided in this contract since performance is an expected trait enhanced through salary and other benefits. LGBR does not believe Ocean City needs to match this benefit to provide long-term retirement benefits to its employees in addition to what they are already contributing toward pension coverage.

Recommendation:

Discontinue the practice of matching deferred compensation costs at the rate of \$500 in 1998 with subsequent savings of \$10,500.

Potential Cost Savings: \$10,500

Overtime is discussed in this contract but it is left to interpretive language suggesting each middle manager adjust his/her schedule to meet the demands of the office. Based on earlier discussions, LGBR believes that many of these positions may be exempt employees and not subject to overtime or compensatory time considerations. Therefore, the team believes the language in the contract should be specific and identify employees eligible for overtime or compensatory time considerations.

Recommendation:

Cease overtime for those individuals identified with management and clarify overtime issues for those remaining employees.

Severance payments are stipulated in this contract. LGBR believes that such arrangements are not needed in government operation where layoffs require 45-day notices and unclassified employees serve at the pleasure of the governing body. Unemployment compensation is available as well as temporary disability payments if the individual needs to receive additional compensation.

Recommendation:

End severance payments to employees per this contract.

Other leave appears to grant a flexible bereavement policy to managers per their supervisors. LGBR believes that bereavement schedules should be folded into sick leave to enhance productivity and diminish municipal liability. LGBR also believes a uniform policy attached to this benefit should be available in all contracts.

Recommendation:

Establish a uniform bereavement policy across all departments and bargaining units by folding this type of leave into sick leave. In this specific instance, flexibility may be seen preferentially by others.

Department Heads

The team believes that this group should not exist or be treated as if it were a bargaining unit. Therefore, LGBR believes the following benefits should be removed from the council resolution that is in effect:

- a. Overtime should not be an issue when dealing with staff at this level.
- b. Sick leave injury provisions up to one year should not be addressed.
- c. The annual deferred compensation match also referred to as a bonus should be eliminated as the team feels that the compensation for these individuals is sufficient.
- d. Severance benefits should not be addressed except as provided by statute.

Recommendation:

Establish individual policies regarding department heads as the governing body determines qualifications, needs, and experiences.

Potential Cost Savings: \$10,000

FMBA Local 327

Maximum salary levels identified in this contract are not comparable to any other unit studied or reviewed by LGBR and exceed industry standards (UMDNJ per example) by approximately \$20,000 per individual, taking into consideration years of service in non-volunteer agencies. Therefore, we believe Ocean City is exceeding the industry standard by approximately \$120,000 annually.

Recommendation:

Take steps to reduce salaries to acceptable industry levels by instituting demotional notices effectuating appropriate salary reductions.

Potential Cost Savings: \$120,000

Clothing allowances currently grant EMT's \$800 annually effective 1/00. We believe that this payment should not exceed the payment granted to police and should be reduced to \$300 annually saving \$3,000. Maintenance is covered through the city contract.

Recommendation:

Discontinue clothing allowances of \$800. Establish payments of \$300.

Potential Cost Savings: \$3,000

Longevity payments are made from 2% to 12% based on longevity. LGBR believes these payments heavily inflate payments to these individuals placing salaries even farther from reality.

Recommendation:

Discontinue longevity payments, as previously referred to with a saving of \$20,062. If this is not accomplished any payment should be directly related to an appropriate evaluation process.

Potential Cost Savings: \$20,062

Other leave should be defined in terms of personal leave for three days and bereavement leave as defined within sick leave offering the city increased productivity.

Recommendations:

Create personal leave of three days. Place bereavement leave in sick leave.

Deferred compensation payments of \$500 are made to each individual if five or less sick days are used during the year. LGBR believes that this incentive needs to be discontinued under the current salary schedule.

Cease deferred compensation adjustments of \$500 annually.

Potential Cost Savings: \$3,000

IV. Statutory and regulatory reform

The fifth and final section of the report, Statutory and Regulatory Reform, attempts to identify those areas where existing state regulations or statutory mandates are brought to the attention of the LGBR team by local officials which appear to have an adverse effect on efficient and cost-effective local operations. It is common for local officials to attribute high costs and increased taxes to “state mandates.” Each review team is then charged with reporting those areas in this section of the report. The findings summarized below will be reviewed by the appropriate state agency for the purpose of initiating constructive change at the state level.

Police Division

The police administration is concerned every year with the number of special law enforcement officers employed from year to year. Some years it is difficult to retain these individuals for various reasons (e.g., extensive training, better financial offers from other police departments after graduations, no security and/or loyalty between communities). The class one police officers may sign on with one police department for training purposes with a commitment to work in its community. The municipality then expects that the candidate will work for it upon graduation in its community. However, upon graduation the candidate may move on to another department due to a better financial offer. There is no type of legislation governing these obligations for the class one police officers after graduation. Currently, there is a law that governs a regular police officer, N.J.S.A. 40A:14-178 “regarding the liability for training costs to former employer of certain police officers.”

The team feels that legislation should be adopted that is applicable to special law enforcement officers to allow for their commitment to municipalities that sponsor them in the police academy.

**LOCAL GOVERNMENT BUDGET REVIEW
ACKNOWLEDGEMENTS**

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